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# Southeast Asia Report

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15 APRIL 1987

# SOUTHEAST ASIA REPORT

## CONTENTS

### AUSTRALIA

- Queensland Premier's Bid Puts Labor Ahead in Poll  
(Laurie Oakes; THE BULLETIN, 10 Mar 87)..... 1

### FIJI

- Minister Calls Chiefs' Role 'Indispensable'  
(Firoz Shaheem; THE FIJI TIMES, 14 Mar 87)..... 4
- Educated Youth Threat to Ethnic Fijian Dominance Noted  
(Nemani Delaibatiki; FIJI SUN, 20 Mar 87)..... 5

### INDONESIA

- IGGI Chief on Need To Help Indonesia  
(ANTARA NEWS BULLETIN, 2 Mar 87)..... 6
- New Gas Discovery in Aceh Reported  
(ANTARA NEWS BULLETIN, 6 Mar 87)..... 8
- Interest in Oil Exploration Declining  
(BUSINESS NEWS, 13 Mar 87)..... 9
- Mobil Oil To Conduct Offshore Drilling  
(ANTARA NEWS BULLETIN, 5 Mar 87)..... 10
- Minister Calls for Private Participation in Transmigration  
(ANTARA NEWS BULLETIN, 13 Mar 87)..... 11
- Team To Evaluate State Enterprises  
(ANTARA NEWS BULLETIN, 4 Mar 87)..... 12

Netherlands Aid Agreement Signed (ANTARA NEWS BULLETN, 2 Mar 87).....	13
--	----

#### Briefs

Overall Exports Drop	14
Expatriates Employment Regulation Tightened	14
Singapore Navy Chief Visits	14
Defection of PPP Members Denied	15
Parliamentary Delegation Visits Turkey	15
Establishment of Polytechnics	15

#### MALAYSIA

Tin Production <u>Limits</u> , Export Quotas (THE STAR, 2 Mar 87).....	16
---	----

#### NEW ZEALAND

Labor Party Delegation Visits USSR, Meets Dobrynin (THE EVENING POST, 2 Feb 87).....	17
EC Reforms Expected To Benefit Agriculture Exports (Tony Garnier; THE EVENING POST, 10 Feb 87).....	18
Contractors Face Increased Asian Competition for ADB Funds (Tim Donoghue; THE EVENING POST, 9 Feb 87).....	20
Lange Defends Layoffs in State Coal Industry (THE EVENING POST, 28 Feb 87).....	21
Miners Cut Labor Party Ties Over Layoffs (THE EVENING POST, 28 Feb 87).....	23
Daily Defends Government Privatization Policy (Editorial: THE EVENING POST, 27 Feb 87).....	24
Official Foresees Little Finance Policy Change From Opposition (Michael Hannah; THE EVENING POST, 3 Feb 87).....	26
Opposition Official Cites Deficit Cuts in Policy Statement (Tony Garnier; THE EVENING POST, 28 Feb 87).....	28
Protesters Mar Waitangi Treaty Anniversary (THE EVENING POST, 7 Feb 87).....	30
Paper Views Antiterrorism Bill as 'Undesirable,' 'Censorship' (Editorial; THE EVENING POST, 7 Feb 87).....	31
Bank Reports Uncertainties in Economic Debate (THE EVENING POST, 9 Feb 87).....	33



Daily Views Bolger's 'Luck' at Avoiding Economic Debate  
(Editorial; THE EVENING POST, 2 Feb 87)..... 34

Former Chief Warns Defense Report Incomplete  
(THE EVENING POST, 28 Feb 87)..... 35

#### PAPUA NEW GUINEA

Copper, Gold, Coffee Top 1986 Exports  
(Noel Pascow; PAPUA NEW GUINEA POST COURIER, 13 Mar 87).. 36

#### PHILIPPINES

Yniguez Linked to Armed Rightists: 'We Have Enough Money'  
(Erhard Haubold; FRANKFURTER ALLGEMEINE (BILDER UND  
ZEITEN), 28 Feb 87)..... 37

Activist Groups Discuss Election Preparations  
(Gina Apostol; NATIONAL MIDWEEK, 25 Feb 87)..... 44

Cebu Columnist Hits 'Lack of Purpose' in Aquino Senate Slate  
(Godofredo M. Roperos; SUN STAR DAILY, 23 Feb 87)..... 49

WE FORUM Profiles PNB Goals, Methods  
(Marie Calderon; WE FORUM, 16-22 Feb 87)..... 51

Cebu Editorial Lauds Selection of Locals for Senate  
(SUN STAR DAILY, 22 Feb 87)..... 54

Cebu Editorial Warns Against 'Misuse' of People Power  
(SUN STAR DAILY, 21 Feb 87)..... 55

Visayas Regional Negotiator on Stalling of Peace Talks  
(SUN STAR DAILY, 21 Feb 87)..... 56

Mindanao Commission Takes Over Cebu NPA  
(SUN STAR DAILY, 21 Feb 87)..... 57

Salas, Others on Current NPA Strength, Political Support  
(Patricia Adversario; VERITAS, 12-18 Feb 87)..... 58

AFP Asks Cebu NDF Spokesman To Surrender for Own Safety  
(SUN STAR DAILY, 21 Feb 87)..... 61

Assassination of Anticommunist Leader Reported  
(SUN STAR DAILY, 23 Feb 87)..... 62

Leyte PC Report 2 NPA Killed by Villagers  
(SUN STAR DAILY, 22 Feb 87)..... 63

Petition Urges Retention of Controversial Cebu Commander  
(SUN STAR DAILY, 21 Feb 87)..... 64

## THAILAND

Poll Shows 'Substantially Greater' Criticism of U.S. (BANGKOK POST, 26 Feb 87).....	65
Trade With Vietnam Discussed (Kavi Chongkittavorn; THE NATION, 15 Mar 87).....	66
Norwegian Firm To Get Stake in Gas Project (Boonsong Kositchotethana; BANGKOK POST, 20 Mar 87).....	69
Foreign Ministry Spokesman Calls Hmong Group 'Guerrillas' (THE NATION, 14 Mar 87).....	71
Thai Nation Party Said To Support Amnesty for 9 Sep Coup (NAM THANG, 2-8 Feb 87).....	72
Paper Agrees With Chawalit on Sad State of Politicians (Editorial; DAILY NEWS, 19 Feb 87).....	74
Surin Pitsuwan Critiques Chawalit on ISOC (BANGKOK POST, 16 Mar 87).....	75
Finance Ministry Seeks Boost in Revenues (BANGKOK POST, 2 Mar 87).....	77
Foreign Reserves Expected To Increase (BANGKOK POST, 3 Mar 87).....	79
State Firms Face Suspension of Local Loans for Foreign Debts (BANGKOK POST, 6 Mar 87).....	80
Finance Ministry Management of Debt Issue Described (NAEO NA, 19 Feb 87).....	82
Leading Academic: NESDB Should Drop Short-Term Role (THE NATION, 14 Mar 87).....	84
Academics Want NESDB, Fiscal Policy Office Changes (THE NATION, 15 Mar 87).....	85
Profits From Government Rice Export Deal Probed (Peter Mytri Ungphakorn; THE NATION, 24 Feb 87).....	86
Questions Raised Over State Firm's Privatization (BANGKOK POST, 28 Feb 87).....	89
Cabinet Approves Loans for Farmers (BANGKOK POST, 27 Feb 87).....	91
Larger 1988 Deficit Foreseen (THE NATION, 5 Mar 87).....	92

Doubts Raised on Bank Bailouts for Firms (THE NATION, 21 Feb 87).....	94
Excess Liquidity Worries Bankers (THE NATION, 23 Feb 87).....	96
Electricity Generating Team To Purchase Power From Laos (THE NATION, 14 Mar 87).....	98
Academics Cite Growing Military Influence, Political Role (MATICHON, 20 Feb 87).....	99
'Almost Unbelievable' Quantity of Weapons, Ammunition Seized (Editorial; THE NATION, 17 Mar 87).....	104
Briefs	
Cambodia Border Weapons Seized	105

## VIETNAM

### MILITARY

Admiral Comments on Sea, Island Combat (Giap Van Cuong; TAP CHI QUAN DOI NAHN DAN, Nov 86).....	106
--	-----

### POLITICAL

FRG Spokesman Urges Western Aid To Ease Poverty (Bjoern Engholm; FRANKFURTER RUNDSCHAU, 12 Feb 87).....	114
Nghe Tinh Party Committee Carries Out Economic Programs (Thanh Phong; NHAN DAN, 5 Jan 87).....	120
Dac Lac Province Reports Targets for 1990 (NHAN DAN, 1 Dec 86).....	124

### ECONOMIC

Economic Successes Claimed for Ho Chi Minh City in 1986 (Huu Tho; NHAN DAN, 5 Jan 87).....	129
Editorial Calls for Better Use of Science, Technology (NHAN DAN, 5 Jan 87).....	134
Vice Minister on Reorganization of Fishing Industry (Vo Van Trac; NHAN DAN, 28 Nov 86).....	137
Largest Irrigation System 'Construction Project of People' (FREUNDSCHAFT, 4 Mar 87).....	140
Article Reviews Legal, Other Aspects of Land Management (Nguyen Thuc Bao; LUAT HOC, No 2, Apr-Jun 86).....	141

# QUEENSLAND PREMIER'S BID PUTS LABOR AHEAD IN POLL

Sydney THE BULLETIN in English 10 Mar 87 pp 16, 17

[Article by Laurie Oakes]

[Text] IN AN astonishing turnaround, the federal Labor Party is now in a winning electoral position. Bareknuckle brawling and instability on the conservative side of politics have given the ALP a two percent lead over the coalition in the latest Morgan Gallup Poll. Labor support shot up by 5 percent to 47 percent in late February, the poll found. Support for the National Party rose by 1 percent to 14 percent, but Liberal support dropped 4 percent to 31 percent. Overall, the coalition was down from 48 percent to 45 percent.

The findings show a remarkable volatility in the electorate as a result of Sir Joh Bjelke-Petersen's assault on federal politics. ALP support is now higher than before the Queensland Premier launched his bid for Canberra, confirming the fears of Liberal leader John Howard and Federal National Party leader Ian Sinclair that the "Joh for PM" push would hurt the coalition and help Labor.

Almost as startling is the poll finding on the level of support Sir Joh might attract if he formed his own party. When a "Joh Party" was thrown into the equation, 27 percent of voters surveyed said they would support it — a rise of 3 percent in a week. With a "Joh Party" in the field, support for Labor dropped back to 42 percent, Liberal support fell to 20 percent, and support for the Nationals under Ian Sinclair was a mere 3 percent. The poll also found that, if Andrew Peacock joined the "Joh Party" as deputy leader its support would increase to 34 percent at the

expense of the Liberal and National parties.

It is the measure of voting intentions as it affects the existing parties that will have most impact. The finding that Labor is back in the lead electorally will send shockwaves through the coalition — especially the Liberal Party. There is a strong conviction among Liberals that, with the economy in crisis, the Hawke government should be on its knees and facing certain defeat. With the coalition now crumbling following the dramatic events in Queensland at the weekend, the likelihood must be that Labor's position will improve further.

The poll findings could influence the outcome of the battle to determine the future of the National Party. The fate of the 12 federal National Party MPs from Queensland seems to have been decided by Friday night's Queensland National Party branch decision to take its members out of the coalition. They will sit on the cross-benches of Federal Parliament, giving their loyalty to Joh. Whether the other 14 National Party MPs join them or stay in the coalition will depend on a party room vote. And a major factor in that vote is likely to be the judgment some of those MPs make about where the party's best electoral interests lie.

The poll leaves little doubt that a party led by Bjelke-Petersen would have much greater electoral appeal than a party led by Sinclair. If he decides to put his job on the line in the party room — saying, in effect: "Stay in

the coalition or I will quit the leadership" — Sinclair will need to keep this in mind. The poll figures are stark — 27 percent for a Joh Party, 3 percent for a Sinclair-led National Party. National MPs will find the apparent electoral clout of the "Joh factor" hard to ignore.

The findings of the latest Morgan Gallup poll, conducted over the weekend of February 21/22, are based on only half of the usual sample. But they clearly show a continuation of a trend indicated in the previous survey conducted over the weekends of February 7/8 and February 14/15. Averaging of the figures over those two weekends gave Labor 42 percent, Liberals 35 percent, and Nationals 13 percent. But between February 7/8 and February 14/15 Labor support had actually risen from 41 percent to 44 percent, while support for the Liberals had dropped from 36 percent to 33 percent. The Nationals had remained steady.

The trend is an ominous one for John Howard. The launching of a nationwide "Joh For Prime Minister For Australia's Sake" campaign — announced by Queensland National Party president Sir Robert Sparkes on Saturday — will lead to an escalation of hostilities between himself and the Queensland Premier. Continued loss of Liberal support would force the party to look again at the leadership question, even though dumping Howard for Andrew Peacock would be another victory for the Bjelke-Petersen juggernaut.

But Howard, with his back to the wall, has started to look and act like a leader. His true fighting qualities came to the fore following the Queensland Nationals' move to hijack the federal party. Before Howard has finished, Sir Joh will at least know he has been in a stoush.

As for Sinclair, the blow he suffered at the weekend was almost a knock-out punch. If the federal National MPs at their next party meeting vote to leave the coalition, his career is as good as finished. To try to prevent that, Sinclair on Sunday clutched at the idea of holding a secret ballot for the first time in the party's history, in the hope that this would enable some of the Queenslanders to vote for retention of the coalition without risking the wrath of their state party organisation. But there would be dangers for Sinclair, too. A secret ballot would also enable Nation-

al MPs from NSW and Victoria who favor leaving the coalition — or who dislike Sinclair — to exercise a conscience vote.

Sinclair is right to believe, however, that several Queensland National MPs do not favor splitting the coalition. Four of them spoke out against the proposal in Hervey Bay. One of them, Bob Katter, was particularly emotional. Surprisingly, another was Ian Cameron — one of the strongest Joh supporters in the federal party. His opposition to the motion calling for an end to the coalition apparently aroused the ire of Sparkes, who is said to have "looked daggers at him" as he spoke.

In the poll conducted on the weekend of February 21/22 1005 electors were asked which party would receive their first preference for the House of Representatives.

House of Reps Elections	ALP	L-NP	Aust	
	%	%	Dem	Others
1983 Hawke	49.5	43.6	5.0	1.9
1984 Hawke	47.6	45.0	5.4	2.0

Morgan Gallup Polls	ALP	L-NP	Lib	NP	Aust	
	%	%	%	%	Dem	Others
Jan 24/31	46	46	37	9	7	1
Feb 7/8	41	49	36	13	8	2
Feb 14/15	44	46	33	13	8	2
Feb 21/22	47	45	31	14	5	3

In a special Morgan Gallup Poll conducted on the two weekends of February 14/15 and February 21/22, 1801 electors were shown a list of political parties and their leaders, and asked: "If Sir Joh Bjelke-Petersen formed a new federal party, which party on the list would receive your first preference at a federal election."

	Australia		Percentage change in week
	Feb 12/15	Feb 21/22	
ALP led by Hawke	42	42	—
New party led by Bjelke-Petersen	24	27	+3%
Liberal Party led by Howard	20	20	—
National Party led by Sinclair	4	3	-1%
Democrats led by Janine Haines	9	7	-2%
Other party	1	1	—

Combining the results over two weekends allows analysis by voting intention which shows 75 percent of National Party voters, 33 percent of Liberal Party voters, 13 percent of Democrat voters and 8 percent of ALP voters said they would vote for Bjelke-Petersen's new party.

The following table shows voting preference analysed by different areas of Australia.

	QUEENSLAND		
	Total	Other	
	Qld	Bris	areas
	%	%	%
ALP led by Hawke	45	48	42
New party led by Bjelke-Petersen	34	24	43
Liberal Party led by Howard	13	22	6
National Party led by Sinclair	4	1	5
Democrats led by Janine Haines	4	5	4
Other party	—	—	—

	NSW		
	Total	Other	
	NSW	Sydney	areas
	%	%	%
ALP led by Hawke	40	40	39
New party led by Bjelke-Petersen	26	24	33
Liberal Party led by Howard	20	22	17
National Party led by Sinclair	5	3	8
Democrats led by Haines	8	11	3
Other party	1	*	*

\*Less than 0.5%

	VICTORIA		
	Total	Mel-	Other
	Vic	bourne	areas
	%	%	%
ALP led by Hawke	43	46	35
New party led by Bjelke-Petersen	21	16	32
Liberal Party led by Howard	23	24	23
National Party led by Sinclair	3	3	3
Democrats led by Haines	9	10	7
Other party	1	1	*

\*Less than 0.5%

	TAS.	SOUTH AUSTRALIA		
	Total	Total	Adel	Other
	Tas	SA	%	areas
	%	%	%	%
ALP led by Hawke	39	40	42	36
New party led by Bjelke-Petersen	22	22	21	24
Liberal Party led by Howard	29	21	20	23
National Party led by Sinclair	—	6	4	10
Democrats led by Haines	10	11	13	7
Other party	—	—	—	—

	WESTERN AUSTRALIA		
	Total	Perth	Other
	WA	%	areas
	%	%	%
ALP led by Hawke	48	49	45
New Party led by Bjelke-Petersen	22	23	19
Liberal Party led by Howard	23	22	25
National Party led by Sinclair	3	2	6
Democrats led by Haines	4	4	5
Other Party	—	—	—

Electors were shown another list of political parties and asked: "If Andrew Peacock joined Sir Joh Bjelke-Petersen's new federal party, which party on the list would receive your first preference at a federal election?"

	Australia		Percentage change in week
	Feb 14/15	Feb 21/22	
	%	%	
ALP led by Hawke	42	40	-2%
New party led by Bjelke-Petersen	30	34	+4%
Liberal Party led by Howard	17	17	—
National Party led by Sinclair	3	2	-1%
Democrats led by Janine Haines	7	7	—
Other party	1	*	-1%

\*Less than 1%

/13104  
CSO: 4200/436

## MINISTER CALLS CHIEFS' ROLE 'INDISPENSABLE'

Suva THE FIJI TIMES in English 14 Mar 87 p 1

[Article by Firoz Shaheem]

[Text] Fijian chiefs had played an "indispensable" part in recognising the needs of the Indian people, the Deputy Prime Minister and Minister for Fijian Affairs, Ratu David Toganivalu, said last night.

Speaking at a Lautoka Indian Alliance fundraising dinner attended by 200 people at the Khatri Hall at Lautoka, he said the chiefs had assumed the role of "mediators" between the Fijian people and the Indian community.

"In two vital areas they have provided invaluable assistance to our Indian community: Land and political rights," Ratu David said.

But he said at present all land in Fiji was being threatened by the "designs" of the Fiji Labour Party, and Labour's Dr Timoci Bavadra, Dr Tupeni Baba and Mr Joeli Kalou wanted to remove chiefs from politics.

"This will destroy the inseparable link between the *Turaga* (chief) and the *Vanua* (land)," he said.

Ratu David said the Deed of Cession had illustrated the paramount role of the Fijian chiefs in the protection of their people, land and culture.

He said the *Turaga* and the *Vanua* were one — one could not exist without the other.

"The Fijian chiefs must remain a force for moderation, balance and fair play against such extremism," he said.

Ratu David said the chiefs were a "bulwark" of security for all and custodians of Fijian identity, land and

culture.

"They are the protectors of the rights of Indians and General Electors in Fiji," he said.

He said that to remove chiefs would "pave the way for instability."

Ratu David said leadership and security were two issues which had always affected the lives of people of Fiji and were of critical concern to all voters in the April election.

He said that over the years, with the establishment of Fiji's multiracial society, the role of the chiefs had extended to providing "protection and security" to non-Fijians.

"A classic example is the help that the Tui Cakau gave to part-Europeans settled in Kasavu in Cakaudrove," he said.

He said that in return for help given, the Tui Cakau provided them with land for settlement and gave them permanent security.

Ratu David said that in the late 1920s and 1930s Ratu Sir Lala Sukuna had pleaded the case for the Indians' land requirements before the Council of Chiefs.

He quoted Ratu Sir Lala as saying: "We regard the Indian desire for more permanent tenancy as a natural and legitimate consequence of an agricultural community settling in any country."

Ratu David said it led to the setting up of the Native Land Trust Board which secured the rights of the owners and catered for the interests of the others.

# EDUCATED YOUTH THREAT TO ETHNIC FIJIAN DOMINANCE NOTED

Suva FIJI SUN in English 20 Mar 87 p 1

[Article by Nemani Delaibatiki]

[Text] FIJIANS were warned last night that some of their well educated young people are being used to topple the present national leadership.

Dockworkers' union leader Taniela Veitata made the warning at the Alliance Party's first major rally in Suva, held at the Nabua community hall.

Mr Veitata is the Alliance candidate for the Kadavu-Suva suburban Fijian communal seat in next month's general election.

He launched a scathing attack on the Dr Timoci Bavadra-led National Federation Party-Labour coalition.

He said this country is going through a dangerous period in which young, educated Fijians are being used as the front to defeat the Alliance government.

He said Fijians should realise that the Fijian Association is the powerbase of the Alliance Party.

"This is a predominant Fijian party because we are the majority (in it)," he said.

Mr Veitata said the Fijian Association originated from the Great Council of Chiefs.

He warned that if the Fijian votes are split, the Fijian base will be destroyed.

He said Prime Minister Ratu Sir Kamisese Mara should not be regarded as a Laun chief only. He should be regarded as a leader for the country.

"We should watch carefully at what is happening in the country," he said as he made an emotional plea to the Fijian people.

He said Dr Bavadra had the audacity to stand up in the Great Council of Chiefs and propose a national lands commission. That commission will include people who have no authority to decide on land issues.

Mr Veitata described Dr Bavadra as a doctor for "boils."

Deputy Prime Minister and Minister of Finance Mosese Qionibaravi said he did not want to discredit Dr Bavadra. But he said Dr Bavadra could not be compared with Ratu Sir Kamisese.

Mr Qionibaravi said people should ask the coalition candidates what they had done for their villages.

"If they had done nothing how can they run the government?" he asked.

Mr Qionibaravi is defending the Lomaiviti-Muanikau Fijian communal seat.

Earlier, Ted Beddoes, the Minister for Housing and Urban Affairs, said the general electors have pledged full support for the Alliance.

The president of the General Electors' Association was clearly referring to reports of a shift in general elector support from the Alliance to Labour.

"Our loyalty to the Alliance Party is second to none," he said.

He is not standing in the election.

At least 300 people packed the community hall and more stood outside.

The party hired the popular local reggae band Rootstrata to entertain the crowd before the meeting.

/13104

CSO: 4200/430



IGGI CHIEF ON NEED TO HELP INDONESIA

Jakarta ANTARA NEWS BULLETIN in English 2 Mar 87 pp A4, A5

[Text] Jakarta, 2 Mar (ANTARA)--The Inter-Governmental Group on Indonesia (IGGI), a group of donor countries and international agencies, fully understands economic difficulties now confronting Indonesia, IGGI Chairman Piet Bukman said here Sunday.

Bukman, speaking to the press after several days of visit to Indonesia, said the slumping oil prices on the international market had serious impact on the Indonesian national development program.

The situation is much more serious than anticipated by the last year's IGGI meeting, Bukman, who is concurrently Dutch minister of development cooperation, said,

The coming IGGI meeting, scheduled for June, in The Hague, the Netherlands, according to him, will discuss efforts to keep the Indonesian national development going on,

Bukman also understands Indonesia's difficulty in providing rupiah funds for local financing of projects financed by external funds.

To overcome the difficulty, through a bilateral commitment, the Netherlands has decided to offer an additional soft loan amounting NF1.5 million to the Indonesian Government.

The Dutch Government, he said, understands the projects would be discontinued or rescheduled, if the local funds are not available.

Facing with scare rupiah funds, the Indonesian Government has recently appealed donor countries to give a bigger component of the pledged loans that can be converted into rupiah for the local financing.

Much Progress

Bukman said he had got many inputs from his eight days of stay in Indonesia, during which he had held talks with Indonesian ministers in charge of economic,

finance and industrial affairs and visited several projects receiving assistance from the Dutch Government and IGGI.

From his direct talks with farmers and the people he encountered, the IGGI chairman concluded that much progress had been achieved by Indonesia in the past five years.

He underlined the importance of projects for human resources development, export commodities diversification and family planning.

During his visit in Bandung he inaugurated a Dutch-aided centre for post graduate studies for water resources engineers.

/9274

CSO: 4200/429

NEW GAS DISCOVERY IN ACEH REPORTED

Jakarta ANTARA NEWS BULLETIN in English 6 Mar 87 pp A3, A4

[Text] Medan (North Sumatra), 8 Mar (ANTARA)--A new natural gas reserve has been found in North Aceh, which seems to be potential to be exploited, Ir, Wicaksono Garjito, general manager of PT Arun NGL Co., told newsmen here Friday.

But he could not disclose the quantity of the reserve because it had still to be tested through an additional drilling.

He also said that gas explorations to find new gas deposits in the province of Aceh were still underway, and he expressed his conviction that other new gas reserves would be found in the province.

According to him, the natural gas reserves in Lhok Sukon and Lhok Seumawe, which were currently channelled to supply six natural gas liquefaction trains of PT Arun, the Iskandar Muda fertilizer plant, and paper mill, were enough for the next 20 years.

He also disclosed that the new gas reserve would be offered to consumer countries for a long-term contract, although it was not easy to convince them before PT Arun could give an assurance that the reserve was able to supply for a long-term period.

The Lhok Seumawe-based PT Arun NGL Co. is currently constructing an LPG liquefaction train which will be able to produce 1.6 million cubic meters of LPG per annum to meet the demand of seven Japanese companies.

The subsidiary of the state-owned oil and gas company Pertamina is producing liquefied natural gas (LNG) through its six trains for export to Japan and South Korea,

/9274

CSO: 4200/429

INTEREST IN OIL EXPLORATION DECLINING

Jakarta BUSINESS NEWS in English 13 Mar 87 p 7

[Text] Jakarta, (BUSINESS NEWS)--The use of the oil exploration budget by foreign oil companies which in 1986 reached only U.S.\$2.8 billion out of the total funds of U.S.\$3.2 billion they allocated indicates that the interest in carrying out oil exploration in Indonesia is decreasing, according to Djoemardi Djoekardi, head of the Foreign Contractors Coordinating Board (BKKA) of the state-owned oil company Pertamina.

Speaking at a meeting between Pertamina and the Indonesian Chamber of Commerce and Industry (Kadin) here earlier this week, Djoemardi said further that the target of oil exploration/the drilling of exploration wells in 1987 was 541 wells compared with 438 wells this year. The drilling of exploration wells in 1985 reached 438 wells, a sharp decline compared with 669 wells in 1983, he added.

Pertamina is at present engaged in 68 contracts with foreign contractors companies, comprising 53 production sharing contracts, 11 joint operation contracts, two working contracts and two technical assistance contracts, he disclosed, adding that 4,600 out of 7,600 exploration wells already drilled in Indonesia were productive. The 4,600 productive wells are found in 22 operational areas handled by 42 oil contractor companies, he said.

Pertamina will ask companies involved in production sharing contracts to announce the winners of tenders below Rp 100 million decided in production sharing contracts. Pertamina will also urge them to return bid bonds soon after the announcement of the winners.

/9274

CSO: 4200/429

MOBIL OIL TO CONDUCT OFFSHORE DRILLING

Jakarta ANTARA NEWS BULLETIN in English 5 Mar 87 pp A4, A5

[Text] Surabaya, 5 Mar (ANTARA)--An American oil company, Mobil Oil, will conduct an offshore drilling work in the Strait of Madura next April and in the regency of Kutai, East Kalimantan, a source at the state-owned oil enterprise Pertamina said here Wednesday.

The offshore drilling contract in the Madura Strait Block covers an area of 6,985 square km, and is located between the Madura Island and the eastern tip of the Java Island.

The Jacson Kutei Basin Exploration Ltd, an operator of the Mobil Oil group, will launch an oil exploration in the Adang Block, East Kalimantan on an area of 10,140 square km, while the offshore oil exploration in the Strait of Madura will be conducted by Hudbay Oil International Ltd, in cooperation with Husky Oil Ltd and Pencoil Asiatic Inc.

In this connection the Hudbay Oil Madura has 42 percent share, while the other contractors, Tor Madura, has ten percent, Penzoil Asiatic 17 percent and Husky Oil Ltd has 17 percent.

The Jacson Kutei has 69 percent share, BP, Petroleum Development ten percent, ICI Petroleum ten percent, Lucky Goldstar Inc 11.25 percent and Kodeco 3.75 percent.

Based on the agreement for oil exploration in East Kalimantan, Mobil Oil has allocated a U.S.\$7 million fund for geological and geophysical surveys as well as for drilling work during the exploration period which is still two years left.

Mobil Oil has started its oil exploration in Indonesia since 1968 in North Aceh where it struck the Arun natural gas field having substantial amount of gas deposit in 1971.

The Arun natural gas field plays significant a role for the development and the growth of an industrial zone in North Aceh and it supplies the Asean fertilizer plant and the Iskandar Muda I and II plants.

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CSO: 4200/429

MINISTER CALLS FOR PRIVATE PARTICIPATION IN TRANSMIGRATION

Jakarta ANTARA NEWS BULLETIN in English 13 Mar 87 pp A2, A3

[Text] Jakarta, 13 Mar (ANTARA)--The government will entrust the private sector with the management of the transmigration programme in an effort to improve self-initiated transmigration, Transmigration Minister Martono said Thursday.

The number of self-initiated transmigrants has been increasing by the year, he said after reporting to the Head of State at the Merdeka Palace here.

In the 1986/87 fiscal the ministry has moved 158,333 families to transmigration areas, 100,000 families of which were self-initiated transmigrants.

It is high time the government gave a bigger responsibility to the private sector with regard to self-initiated transmigration, from financial matters to other matters including the occupation of new land. All the government has to do now is provide the land, he said.

In the first phase the new management will be semi-governmental under the supervision of the transmigration ministry. Two or three years later the programme will be completely under private management though the government will continue its supervision.

World Bank

Minister Martono also reported to the Head of State the World Bank's review of transmigration in Indonesia.

The World Bank will continue to give aid to the transmigration programme since it considers the programme important to Indonesia.

On the other hand it requires that Indonesia improve the quality of the transmigration sites and transmigration personnel, Martono concluded.

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CSO: 4200/429

TEAM TO EVALUATE STATE ENTERPRISES

Jakarta ANTARA NEWS BULLETIN in English 4 Mar 87 p A9

[Text] Jakarta, 4 Mar (ANTARA)--President Soeharto has decided to set up a team for the evaluation of reports of state enterprises headed by Coordinator Minister of Economic, Financial and Industrial Affairs Ali Wardhana.

The decision was made at a cabinet session on economic, financial and industrial affairs here Wednesday.

Members of the team are the state minister of national development planning, the minister/state secretary, the head of the Financial and Development Supervisory Board (BPKP) and the governor of Bank Indonesia.

Information Minister Harmoko told newsmen after the meeting that the President had received reports of the condition of state enterprises from all ministers controlling the companies.

After receiving and examining the reports, the Head of Government decided to set up the team, the information minister said.

The team is assigned to examine and evaluate reports of state enterprises from all ministries to select enterprises which can still be maintained, Harmoko disclosed.

State enterprises have been established not only to gain profits, but also to fulfill people's needs; therefore, the team will discuss and examine alternatives to cope with problems faced by state enterprises, he explained.

The President has stated that state enterprises that are required to fulfill people's needs such as the PJKA state railway company will not be sold to the private side.

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CSO: 4200/429

NETHERLANDS AID AGREEMENT SIGNED

Jakarta ANTARA NEWS BULLETIN in English 2 Mar 87 p A6

[Text] Jakarta, 2 Mar (ANTARA)--The Netherland Government has decided to give assistance worth N.Fl 182 million to Indonesia in fiscal 1987/88, an increase of N.Fl 3 million over the aid given in the current 1986/87 fiscal year.

The Agreed Minutes for the Netherlands' assistance was signed here Sunday by Director General for Foreign Economic Relations Rusli Noor, on behalf of the Indonesian Government, and Dutch Director General for International Cooperation Hoekman, representing the Dutch Government.

The agreement for the extension of the bigger aid constitutes the result of a series of negotiations between the Indonesian and Dutch delegates taking place here in January and February last year.

The Dutch financial assistance to be given to Indonesia in 1987/88 will consist of a soft loan amounting to N.Fl 100 million for 30 years, including an eight-year grace period, bearing an interest rate of 2.5% a year, and a grant worth N. Fl 82 million.

Outside the just signed agreement, the Netherlands will give additional assistance in the form of a soft loan amounting to N.Fl 50 million to Indonesia in 1987/88.

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CSO: 4200/429



## BRIEFS

**OVERALL EXPORTS DROP**--Jakarta, 3 Mar (ANTARA)--Indonesia's exports of all commodities in the first 11 months of 1986 (January until November) totalled U.S.\$15,789 million, down by 7.6 percent against U.S.\$17,079 million, in the comparable period of 1985, data at Bank Indonesia showed Tuesday. The drop was largely triggered by the shrinking exports of LNG which plunged reasonably by 25.4 percent from U.S.\$2,610 million to around U.S.\$887 million. But the exports of non-oil and non-gas commodities as well as of crude oil rose by 7.5 percent and 14.7 percent respectively. The non-oil and non-gas exports were up from U.S.\$5,353 million to U.S.\$5,754 million. And the exports of crude oil increased from U.S.\$6,477 million to U.S.\$7,432 million. Most of the country's non-oil exports went to the United States, Japan, the EC, South Korea, East Europe and the Middle East, while the oil exports were largely destined for the United States and Japan only. [Text] [Jakarta ANTARANEWS BULLETIN in English 4 Mar 87 p A4] /9274

**EXPATRIATES EMPLOYMENT REGULATION TIGHTENED**--Jakarta, 4 Mar (ANTARA)--The Indonesian Government has tightened the regulation for the recruitment of expatriates so as to confine the use of foreigners only in certain posts, according to Director General for Employment Development Dr H. Tambunan SH. Tambunan stated further in his written address read out at the closing of a training course on marketing management here Tuesday that the government allowed the recruitment of foreigners only in posts which could not be filled with local personnel because of the inavailability of skilled officers. Such a step is aimed at reducing the high cost economy without neglecting appropriate and fast services besides facilitating the creation of favourable climate for the promotion of investment, he explained. With the implementation of the new regulation, the recruitment of foreigners will not hamper the provision of job opportunities for local job seekers, he added. [Text] [Jakarta ANTARA NEWS BULLETIN in English 4 Mar 87 p A10] /9274

**SINGAPORE NAVY CHIEF VISITS**--Ujungpandang, 5 Mar (ANTARA)--Singapore's naval chief Col James Lee arrived here on 3 March on board the 'RSS Endurance' warship for a visit until 7 March at the invitation of the Indonesian Naval Chief Vice Admiral R. Kasenda. Kasenda on 4 March paid a visit to the warship which was also bringing 41 cadets. The two naval chiefs then flew to Tanatoraja, the famous tourist object of South Sulawesi. [Text] [Jakarta ANTARA NEWS BULLETIN in English 5 Mar 87 pp A7, A8] /9274

DEFECTION OF PPP MEMBERS DENIED--Palembang, 10 Mar (ANTARA)--Chairman of the United Development Party (PPP) H. Hailani Naro SH has denied news by a newspaper in Jakarta which said that 400,000 of PPP followers had quit the party. It was not true, only a few quit the party, he told the audience when attending a party celebrating the XIVth anniversary of PPP here Monday. The fact did not bother him since there are 17.5 million youths left to use their right to vote this year, according to Naro. Those few who quit were all in East Java and they were probably frustrated because they were not included in the list of those nominated to have a seat in the Parliament, he added. Naro did not give an answer to a question from the press about PPP's target in the coming election. [Text] [Jakarta ANTARA NEWS BULLETIN in English 10 Mar 87 p A4] /9274

PARLIAMENTARY DELEGATION VISITS TURKEY--Ankara, 11 Mar (ANTARA)--An Indonesian parliamentary delegation led by Nuddin Lubis, deputy chairman of Parliament (DPR-RI), concluded its eight-day visit to Turkey here Wednesday. The Indonesian members of Parliament during their stay here called on Neomettin Karaduman, chairman of TGNA (Turkish Grand National Assembly), and Deputy Prime Minister Kaya Erdem, a spokesman of the Indonesian Embassy reported here Tuesday. They also had talks with their Turkish counterparts and the vice chairman of TGNA. They arrived here on 4 March and visited Izmir and Istanbul cities. On Saturday (7 March), the delegation met with Turkish Foreign Minister Vahit Halefoglou and visited several industrial projects. The meetings between the Indonesian members of Parliament and their counterparts as well as Turkish high officials were carried out in friendly atmosphere. [Text] [Jakarta ANTARA NEWS BULLETIN in English 11 Mar 87 p A2] /9274

ESTABLISHMENT OF POLYTECHNICS--Padang, 11 Mar (ANTARA)--The government, in this case the Ministry of Education and Culture, in the current Pelita IV (fourth Five Year Plan, 1984-1989) plans to build 34 polytechnics at a cost of Rp 43 billion. Of the 34 polyclinics, 26 have been set up with the support of a soft loan from the Asian Development Bank (ADB), said Prof Dr H. Kusmat Tanudimadja of the Higher Learning Institution Development Team in Payakumbuh, West Sumatra, Monday. The setting up of polytechnics here is mainly aimed at turning out skilled workers of middle and higher level in various fields, he said. [Text] [Jakarta ANTARA NEWS BULLETIN in English 11 Mar 87 pp A4, A5] /9274

CSO: 4200/429

## TIN PRODUCTION LIMITS, EXPORT QUOTAS

Penang THE STAR (Supplement) in English 2 Mar 87 p 4

[Text]

MALAYSIA will limit the number of tin-producing units and impose export quotas in order to implement the supply rationalisation scheme for tin announced by the chairman of the Association of Tin Producing Countries (ATPC), Dr Subroto, in Jakarta on Saturday.

Under the export control scheme, which aims to reduce the current overhang in world tin supplies, total exports of the seven member-countries will be limited to 96,000 tonnes. Malaysia's quota was set at 28,526 tonnes for the initial 366 days of the scheme, which went into effect yesterday.

Malaysia's total output last year was about 29,000 tonnes.

Primary Industries Minister Datuk Dr Lim Keng Yaik said the limiting of producing units should not be a problem because not many tin mines were expected to be viable at current prices.

"This is due to depleting reserves and the cost of production beyond \$18 per kg. Therefore, the issuance of new mining licences will be prudently exercised," he said in a statement.

(The tin price on the Kuala Lumpur Tin Market closed at \$16.57 on Friday.)

Datuk Dr Lim said an export quota would also be applied, and would vary according to the number of existing and restarting mines.

He said the matter had been adequately discussed with the representatives of the tin industry, who had agreed on the mechanism to be used and the distribution of quotas among the gravel pump, dredging and other sectors of the industry.

"If mines close after being allotted quotas, the quotas will be redistributed to existing mines and those that are restarting," he said.

Datuk Lim also emphasised that the selling of production quotas would not be allowed, but instead would be redistributed to operating mines.

He also said the Mines Department under his Ministry would be the enforcement agency for the scheme.

"The department has drawn up the relevant rules and regulations to guide miners in the proper implementation of this scheme in Malaysia," he said.

In addition to their quotas, members are allowed a maximum permissible accumulation of stocks of newly-mined tin equivalent to 10 per cent of the members' 1987 estimated production.

Two non-ATPC-member countries, China and Brazil, have agreed to co-operate in implementing the scheme.

The ATPC also appealed to the US to restrict releases of its stockpiled tin and not undermine the organisation's efforts to bring normalcy to the tin market for the benefit of producers and consumers.

Dr Subroto said the scheme would be applied for as long as necessary to deplete the overhanging stocks, currently estimated at 81,000 tonnes.

He said the overhang would be brought down to a normal stock level of around 20,000 tonnes within the next two-and-a-half years.

Briefing reporters in Kuala Lumpur, ATPC executive secretary Victor S. Siahaan said the scheme also included the co-operation of banks and brokers who were holders of substantial tin metal stocks.

"We have discussed with the banks with an understanding that we are to communicate periodically," he said.

LABOR PARTY DELEGATION VISITS USSR, MEETS DOBRYNIN

Wellington THE EVENING POST in English 2 Feb 87 p 18

[Text]

The Soviet Union's economic restructuring has marked similarities to Roger-nomics reforms in New Zealand, says Wellington Central Labour MP Fran Wilde.

A member of the Labour Party delegation just returned from there, Ms Wilde says the comparisons were "uncanny," and a source of mild amusement for herself and travelling companions, Labour Party president Margaret Wilson and general secretary Tony Timms.

"It was almost as if Roger Douglas had been over there talking to Gorbachev. They (the Russians) call it self-sufficiency; we call it deregulation!" she said.

Certain areas of industry, particularly those dealing with consumer goods, have been targeted in the Soviet changes. The idea is that those areas will no longer be centrally-planned and industries will be encouraged to make their own production and marketing decisions.

"The irony of it was that comments made there about improving efficiency and profitability were exactly the sort of discussions going on in New Zealand," said Ms Wilde.

The 10-day visit was partly funded by the Soviet Communist Party and included a meeting with the secretary of the central

committee, Anatoli Dobrynin, at which foreign and domestic policy was discussed.

"We made a point of telling people there about our nuclear policy and stressed that we wanted continued respect for it from all the super powers — that we expected the South Pacific to remain non-militarist."

Ms Wilde says the trip gave her a greater understanding of "the personality of the nation."

"There are things I disagree with in their system and things I admire them for." She said they were extremely hospitable, warm, nice people.

But she came away with an unwelcome souvenir — stomach bug. She thinks it was some grapes she ate in Leningrad.

## EC REFORMS EXPECTED TO BENEFIT AGRICULTURE EXPORTS

Wellington THE EVENING POST in English 10 Feb 87 p 6

[Article in "Tony Garnier's Weekwatch: "EC Reforms Impact on NZ's Economy"]

[Text] **I**T is natural that there should be more interest in the Maori loans issue than the political dogfight in Europe to safeguard the economic community.

One reason is that the embattled Maori Affairs Minister Koro Wetere is known, more or less, to us all.

In contrast, the key personalities in Europe's most recent bid to get its collective act together — European Community Ministers Michael Jopling (Britain), Ignaz Kiechle (West Germany), Francois Guillaume (France) — are unknown. The element of intrigue is therefore missing.

Another reason is that European politics seem to lack relevance. It is happening on the other side of the world and considered boring even by some politicians and officials paid to take an interest in such matters from a Wellington perspective.

Yet at the end of the day, events now unfolding in Europe's capitals, Brussels and Strasbourg, will arguably have far greater impact on New Zealand than will the loans issue. For one thing, hanging on the outcome of the EC battle is the future prosperity of a significant number of New Zealand farmers.

This is not to say — indeed it would be silly to say — that there is no damage being caused to New Zealand's economic and social fabric by the unfurling debates on Maori issues. There is. A lot.

But the hard reality is that New Zealand, even though geographically part of Polynesia, still has a predominantly European economic and social system. Our fate remains inextricably bound up with Europe's, not perhaps to the extent of "where Europe goes, we go" but certainly because its

superpower economy dictates most prices New Zealand gets for its pastoral exports. When Europe coughs, New Zealand catches cold, as it has from the depressed prices arising from Europe's building huge subsidised foodstocks in recent years.

**B**UT it so happens that a big change of attitude is blowing through Europe's corridors at the moment. A concerted attack is under way to reduce food surpluses, signalling for the first time in years some potentially good long term news for New Zealand farmers.

Days before New Zealand closed for Christmas last year, EC farm ministers agreed on a far-reaching package of common agricultural policy reforms. Following a non-stop seven-day, five-night marathon negotiation, Britain's Michael Jopling announced that reform of the CAP, the common agricultural policy, had been put back on top of the EC agenda. He unveiled a package which he said would tackle the "scandal" of Europe's vast food surpluses.

The deal includes measures to cut EC milk production by 9½ percent over the next two years and slash 13 percent from the guaranteed EC support price paid for beef.

The huge scale of the deal can be assessed from the fact that the cut in dairy output — 8.5 million tonnes — will be more than equivalent to the annual dairy output of New Zealand, and about a quarter of all international dairy trade. It will halve the EC surplus available for export.

Moves have already started to reduce the surplus stocks (more than 2.5 million tonnes of dairy products and 600,000 tonnes of beef). And Wellington analysts believe that if applied rigor-

ously, the deal should lead to a less distorted international dairy market, giving higher prices and returns.

This development alone is welcome news for New Zealand farmers. But perhaps a greater reason to cheer stems from signs that the package is not a one-off event, but the first step in a real reappraisal of EC objectives — a debate promised to unfurl through the year. In short, the unscrambling of the accumulated errors of years has begun, it seems.

**A**S the champagne corks popped inside the EC Farm Council chamber after the marathon session, officials acclaimed the reforms as the biggest change ever in the community's agriculture policy since it was adopted in 1962.

Over time, the CAP has developed into an unwieldy system of farm price guarantees that has produced huge food surpluses which were either stored at high cost or sold at ridiculously reduced prices.

A minority of farmers (but nonetheless a group carrying considerable political clout) have lived the good life supported by subsidies, while the majority — manufacturers and other European taxpayers — carried the cost.

It has finally become too absurd and too much of a burden, financially and politically. One analysis of the significance of the agriculture ministers' decision is that the CAP policy as it stands, boosting production of unsaleable food surpluses, is no longer tenable with the electorate; the balance of the 12-nation EC has shifted in favour of other policies.

In the political skirmish before the ministers met, reform of the CAP emerged as a precondition for other EC reforms and indeed its continued growth and viability.

Whether it be joint research, job creation, Europe's space programme or further development of the common market, all have been stifled by an all-devouring CAP — nearly two-thirds of a \$72 billion budget.

Britain and West Germany — the two largest net contributors — indicated they were not prepared to recommend any increase in national contributions until convinced agriculture spending was being brought under control. And the European Parliament insisted on making the link between agriculture and the rest of the budget official. It refused to approve a 1987 budget until the farm ministers had

done something to cut costs of their huge share.

Reports indicate the deal almost came unstuck when Ireland's farm minister Austin Deasy threatened a veto. A compromise was struck. And there was surprise expressed when France's minister Francois Guillaume also went along with it.

**T**HE EC text announcing the package gives clues on why national rivalries and individual self interests appear to have been buried: the EC faces financial collapse and a return to order of world markets is a necessity for survival.

France, along with the others, agreed to take measures difficult for it, in order to safeguard the community. It is that simple: self-interest, survival, order.

The EC has, too, built up a "credit" for the upcoming GATT negotiations, in which the world rules for international trade are to be renegotiated, including for agriculture.

And in a more general sense, the EC has (finally) embarked on an effort at mastery of its farm production unparalleled by any country or country grouping in the world. In that sense, New Zealand farmers have to be pleased; the EC has finally bitten the reform bullet.

But it is not all roses for New Zealand. In return, it will face pressure to not increase production while the EC is reducing its own. It may also add difficulty to upcoming talks seeking continued access for farm products to the community.

And one assessment suggests world beef markets could be distorted if and when Europe's farmers slaughter an expected 6 to 9 percent of dairy cows, to achieve reduced dairy production. Between 1.5 million and 2.5 million animals could face slaughter, adding from 100,000 tonnes to 400,000 tonnes to Europe's beef production in the next two years.

How this meat is disposed of is an unanswered but critical question for New Zealand.

There are indications that cheap beef has already begun to depress sheep meat prices in the Middle East. If cheap EC meat started flowing into New Zealand's lucrative Pacific Basin markets, obviously the "welcome news" sign hung out in Wellington in response to the first step in the CAP's reform will be quickly hauled down. □

CONTRACTORS FACE INCREASED ASIAN COMPETITION FOR ADB FUNDS

Wellington THE EVENING POST in English 9 Feb 87 p 23

[Article by Tim Donoghue]

[Text]

MANILA, Feb 8. — The competitive position of New Zealand contractors seeking business with the Asian Development Bank (ADB) has recently decreased, a commercial secretary with the New Zealand Embassy in Manila, Mr Guy Tapley, says.

He said the decrease reflected a worldwide downturn in construction activity.

The South Pacific market had also been penetrated by Japan and Korea, he said.

"It has been hard to convince the ADB and its borrowers that New Zealand contractors can do the job," Mr Tapley said.

He said prequalification criteria for civil works tenders were set to favour big international firms.

"Because of this, even our big contractors find it difficult to get off first base."

He said increasingly northern hemisphere companies were looking at smaller and hitherto less attractive projects.

"Financial packages involving blended aid/credits from government backers and ring-tendering allow New Zealand's competitors to offer prices which are hard to beat."

Mr Tapley said the fact the ADB market was getting tougher to deal with was true of most export markets.

He said getting to know ADB or executing agency staff was essential.

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CSO: 4200/437

# LANGE DEFENDS LAYOFFS IN STATE COAL INDUSTRY

Wellington THE EVENING POST in English 28 Feb 87 p 1

[Text] Prime Minister David Lange has defended changes to the economy which have led to the impending halving of State Coal's workforce, including almost 500 at Huntly.

The Government would not be helping the 484 Huntly State Coal employees who will lose their jobs on April 1 by pretending there was no need for change, Mr Lange said yesterday.

He was speaking at the opening of Fletcher Aluminium's \$8 million plant at Pukete. Mr Lange said the redundancies needed in the Waikato coalfields were not the fault of the workforce but because for the past 20 years State Coal had taken more out of the economy than it had put into it.

"In the last year alone taxpayers put more money into State Coal than the whole business is worth right now.

"Every job in State Coal cost the taxpayer \$122,000 last year.

"The tragedy is that it has now been unleashed upon those people who have given 20 years of their best," he said.

The Government, with the community, would do all it could to help those affected by the change but "we do not help them by pretending that we do not have to change."

Mr Lange described unemployment as New Zealand's most pressing social problem but said the problems had begun more

—an 10 years ago when the economy started to turn sour.

"The causes of it go back further than that, to the time when we decided to avoid change rather than accept it as inevitable and make the best of it.

"If we got the economy into gear again more job opportunities are going to appear."

Inflation had to be kept down because it ate away at jobs and economic growth, and businesses had to change their products and the way they sold them. This was easy to say, but hard to do, he said.

Mr Lange said the greatest difficulty with unemployment was that moves toward continuing employment began by causing some increase in unemployment.

In some sectors change was so long overdue there had been serious job losses, he said.

"The quicker we make the changes necessary to get the economy back into sync, the sooner we get the steady economic growth we need to get more people into work."

## Answer

The traditional answer to unemployment of heating up the economy and pumping Government money into the system did not work and ended by hurting most of the people

it was supposed to help, Mr Lange said.

"The problem with heating the economy up when the engine is

out of gear is that you do not actually get anywhere. You get raging inflation.

"You add to the problems of the regions because the pot will be boiling over in Auckland before the water is even warm in Gisborne."

Mr Lange said putting taxpayers' money into declining industries was also not an answer.

"It is the same with long-term or permanent public sector job creation schemes or taxpayer funding of labour intensive industries."

Mr Lange said some people regarded unemployment as useful if it helped lower wages and made the price of exports more attractive, but they were wrong and this was not the Government's strategy.

"We need efficient operators in our export markets and helping find efficient operators to stay in business by lowering their wage bill or artificially boosting their incomes will only get us going backwards faster."

Fletcher Aluminium's factory which would employ 120 people was a sign there were answers to unemployment, he said.



Mr Lange said the company was just as proud of the Pukete plant as it was of its huge overseas investments.

It believed in giving investment priority to growing businesses and has sunk \$1 billion into New Zealand businesses over the past few years.

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CSO: 4200/437

MINERS CUT LABOR PARTY TIES OVER LAYOFFS

Wellington THE EVENING POST in English 28 Feb 87 p 1

[Text] Runanga State Miner's Union yesterday decided to disaffiliate from the Labour Party.

The decision was made at a union meeting after the Coal Corporation announcements that more than 200 miners on the West Coast would lose jobs from April 1.

The disaffiliation motion was moved by a union executive member, and was seconded by the president.

The resolution, carried by 75 votes to two, will be conveyed to Prime Minister David Lange.

In an explanatory statement, the two men said they put the resolution with great reluctance. "As the last major coal mining union in the Grey district, the very cradle of the Labour movement, it is probably the saddest resolution that has but put to this union in its history," they said.

"Today the memories of some of those who fought so hard for the working people of this area will be with us.

"Men such as Pat Hickey, Paddy Webb and Bob Semple, among a few, who served with us so well in our struggle to maintain reasonable conditions of work and remuneration in the often-hostile environment that we work under."

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CSO: 4200/437

DAILY DEFENDS GOVERNMENT PRIVATIZATION POLICY

Wellington THE EVENING POST in English 27 Feb 87 p 6

[Editorial: "Redundancy as future option"]

[Text] SOUNDS OF OUTRAGE from public service unions over the announced prospect of compulsory redundancies for some of their members should not block out what the Government is trying to do.

Increasing the efficiency of State-owned enterprises in order to save taxpayers' money are worthwhile goals of the historic changes the Government is introducing through transformation of some Government departments into nine State corporations operating under new rules.

Achievement of only a one percent increase in the return on the assets employed by State-owned enterprises would increase national income by \$500 million a year, or the equivalent of \$10 a week for every household, reports the Deputy Prime Minister, Mr Geoffrey Palmer.

The past financial performance of these enterprises has been appalling, in Mr Palmer's words. The economy suffers when huge resources are used for poor return. Conflicting regulatory, social and business roles combined with departmental structure, public service methods of administration and ministerial responsibility contributed to this unsatisfactory state of affairs.

Why should the public as taxpayers and consumers be expected to forever put up with that kind of performance and still pay the ever-

growing bills? Suitable, properly managed change is overdue. The Government has shown fortitude and foresight in tackling such a difficult problem.

What would be troubling to the taxpayer is the Opposition's somewhat uncomfortable, ill-defined response to what is happening.

More than dollars and improved efficiency is involved in such massive change within the public service. Hundreds of people working within the traditional style public service have come to expect job security, an established way of doing things, and in some cases, even tenure of houses. These people deserve a fair deal and time to make plans. The State has a duty to be a good employer and to try to ease the pain and uncertainty for its employees.

The Government had to set a deadline for the restructuring and for affected public servants to make up their minds about what option they would choose from a package negotiated between the Public Service Association and the State Services Commission.

Compulsory redundancy is a fact of life in the private sector but insistence that it could be used in the public service is dismaying the PSA as a union. Legislation has provided for redundancy in the State services since 1962. Even with the current restructuring Government ministers

say it may be possible to avoid compulsory redundancy. However, the Government is right to insist upon having that option in reserve.

Important qualifications are that there be adequate redundancy provisions, and that the workers have a genuine range of suitable options for deployment. The machinery has to be there to make those options effective. It is pleasing to note that the social impact of the impending big changes is recognised and that advice and other assistance will be available to employees and their families.

Given the extent and nature of the changes it would be remarkable if there were not some upset and problems. It is important politically and morally that the Government do all that it can to deal sensibly with those transitional problems and upsets. At the same time taxpayers should want the Government to pursue the efficiency, reduced taxes goals.

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CSO: 4200/437

OFFICIAL FORESEES LITTLE FINANCE POLICY CHANGE FROM OPPOSITION

Wellington THE EVENING POST in English 3 Feb 87 p 21

[Article by Michael Hannah]

[Text] If the Government changes in this year's election, there would be no substantial changes to the financial deregulation already adopted, Associate Finance Minister David Caygill has claimed.

At a function last night to launch the NZ Institute of Economic Research's latest study into the effects of financial deregulation, Mr Caygill detailed some of the reasons for the speed with which the financial sector had been deregulated.

The main reasons, he said, were the internationalisation of capital markets — and the fact that the financial industry wanted it.

He said New Zealand could not stand alone, and he counted as one of the rewards of deregulation the increased skills manufacturers and farmers have shown in managing foreign-exchange transactions.

He added, however, that he still came across one or two manufacturers who not only did not manage their foreign exchange risks, but were not aware they had any.

Mr Caygill maintained that, had there not been a change of Government in 1984, the deregulation would not have gone as far or as fast.

Mr Caygill cited higher employment levels in the industry as evidence that the deregulation had worked.

## Interest rates

"Employment in the finance sector is up. On the other hand real interest rates are squeezed by comparison, though nominal rates are still high.

"A sector employing more people but charging in real terms less can't be a bad combination," he said.

Institute economist David Harper concludes, in his review of financial deregulation, that the most surprising feature has been the sheer speed with which firms have responded, and the relatively few adjustment problems encountered so far.

The reforms have allowed financial companies to minimise costs, and also improve their internal management, he says.

He is critical of the lack of neutrality in the reforms, pointing to the inability of some institutions, such as savings banks and building societies, to expand into new business areas because of legislative restrictions.

"With hindsight, more consideration should have been given to these adjustment problems," Mr Harper says.

He speculates that many of the changes seen in the industry

would be occurring even without the financial reforms -- but not at the same pace.

He also asks whether the process of adjustment would have been so smooth if the financial services market had not been so buoyant at the same time.

Mr Harper expects more very large financial firms to arise from mergers and acquisitions as companies try to achieve economies.

Banking deregulation can be expected to affect the wholesale market more than the retail market, and the failure rate of financial firms can be expected to increase, he says, though bankruptcy statistics do not reflect this yet.

The failure of any individual financial firms was not expected to lead to a general loss of confidence in the financial system, because firms that fail would be quite small and may be absorbed by a larger parent, he says.

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CSO: 4200/437

# OPPOSITION OFFICIAL CITES DEFICIT CUTS IN POLICY STATEMENT

Wellington THE EVENING POST in English 28 Feb 87 pp 12, 13

[Article by Tony Garnier: "Cox Targets Deficit, Industrial Relations"]

[Text]

The next National Government "will hit the deck running" with measures to cut expenditure and trim the deficit.

Stating this, Associate Finance Spokesman Michael Cox confirmed that a mandate to curb the Budget deficit would be a cornerstone of National's economic policy.

The framework of the policy had been set by key caucus committees. There was a consensus on what the policy should contain, as well as what it shouldn't include, he disclosed in an interview.

## Basic areas

There were two basic areas National would focus on in its economic package:

- Reducing the deficit by slashing expenditure.
- Creating a deregulated industrial relations sector.

Mr Cox agreed that a number of National MPs responsible for shaping economic policy had a basic sympathy for the de-regulatory process launched by Labour.

"But we realise that Roger Douglas has failed in two basic areas and will never complete his strategy."

The first failure was an inability to curb Government expenditure; the second was the in-

complete industrial relations reform.

"The Left wing [of Labour] won the industrial relations battle. I believe they will continue to win in the area of expenditure control.

## Still socialist

"When you get down to bedrock, they [Labour] are still a socialist party."

Therefore the next National Government would have no choice but to make the hard decision to attack the deficit.

And the feeling he had from attending many electorate meetings was that National would be given a strong mandate by middle New Zealand to pick up the pieces of Rogernomics and complete the restructuring.

Mr Cox estimates that Mr Douglas had increased gross expenditure in his three Budgets by 55 percent. In contrast, inflation had jumped by 42 points (using NZ Institute of Economic Research estimates for the final quarter to March 31 this year), creating 13 percent real growth in total Government expenditure.

There had also been changes to Budget tables, which he believed hid the true extent of expenditure growth. He predicted more "window dressing" this year.

"I believe he will make a major blunder by reducing his deficit

through the expected receipts of capital sales to the corporations."

But he didn't believe the public would be fooled. The debt would still exist, but in another table.

## Key strategies

National's framework, for attacking the deficit would have three key strategies: the policy on superannuation, privatisation and the social portfolios (social welfare, education and health).

National's proposed changes to superannuation (lifting the age of entitlement to 65 over 20 years) would cut \$13 billion off the deficit by the year 2000.

The superannuation policy had already been announced, and favourably received. MPs framing economic policy had been pleased by the reaction.

Younger people (those under 40) specially, had accepted the superannuation policy as realistic and it had helped them (the MPs) come to the view that a mandate existed for policies to trim expenditure, to be at the core of the economic package.

On National's privatisation proposals, Mr Cox said close to \$500 million in savings to debt servicing was possible.

Again, basic elements of the policy were already known. National would privatise the Bank of New Zealand, Development Fin-

ance Corporation and Tourist Hotel Corporation.

Other possibilities included Petrocorp and some aspects of the Forestry Corporation, State Insurance and Public Trust. A more detailed list would be announced closer to the election.

There would also be a list of those parts of the public sector which would not be privatised, he confirmed.

"Then you get to the hard ones — your major spenders of social welfare, health and education," said Mr Cox.

He was chairing a committee of three to interview National's spokesmen in every area of expenditure and ask where they would trim and control expenditure if and when they became a minister.

"That committee will have the authority of Caucus to be tough. It must be."

That exercise was just starting, but as Mr Cox put it: "In broad terms I want [National] to go into the election knowing that in the first day in the Cabinet room we have a Budget that will justify us saying we are going to control Government expenditure."

"That is as far as we are at the moment. The details will have to wait . . ."

As with National's pledge to overhaul industrial relations: "You have to hit the deck running with that type of policy."

## Differences

Mr Cox said the differences between National's policy promises to trim expenditure and reform industrial relations and the Government's attempts in both areas went back to the basic philosophies of the parties.

Mr Douglas, he said, had obviously failed at the final hurdles to convince his Caucus colleagues to pursue the two key reforms — industrial reform and attacking the deficit.

"To put it in blunt terms, when one of his [Mr Douglas's] closest colleagues tells me that for every dollar Roger Douglas saves, Ann Hercus (Minister of Social Wel-

fare) spends two. And of the frustration which occurs, you can see the differences in philosophies."

Labour wouldn't attack either area, he predicted.

"They were damaged badly by attacking National Super in a very unreasoned way. They don't want to go over that again . . . They must be in an awful quandary because they have the Caucus saying 'No, we don't want to' and their economic people saying 'We must.'"

## Unemployment

It was a reflection of Labour's socialist philosophy where the concern of branch members was with increasing unemployment, he believed.

In contrast, the major concern among National supporters was high inflation, and specially the "huge gap" which had opened between New Zealand and its trading partner.

## Frontal attack

"To close that gap [pointing to the diagram], you must attack the deficit. It is the only way."

"You could fiddle around, plugging gaps to help exporters, offering more research and development for manufacturers by giving no extra depreciation rates or tax concessions, but that won't solve the problem."

"At the end of the day, and I believe people are seeing this now, people accept that there must be a concerted attack on the deficit and I believe we will get a mandate: 'Yes, you must attack it.'"

If Labour's economic ministers were hamstrung by the party's basic philosophy in terms of making a frontal attack on the deficit, what was the state of play with National's ideological struggle?

Only recently, former Prime Minister Sir Robert Muldoon had suggested National needed to return to an interventionist approach. Finance spokesman George Gair had immediately denied it, saying there would be no U-turn against Labour's strategy.

Mr Cox said National's key economic and agriculture Caucuses had been straightening out a consistent ideological path. And it was based on the notion of seeking a mandate to complete the deregulatory reform programme.

Every economic indicator was showing that Labour would not be able to succeed because traditional socialism was getting in the way.

"It is quite clear. We are not going back to an interventionist economy. We are going back to a conservative policy, but where you don't rush change."

## Pace of change

National's pace of change would be more considered, he said. That was the difference between Labour's radicalism and National's conservatism.

Mr Cox also emphasised that National would not go back to a controlled exchange rate.

"The floating exchange is here to stay."

Again, the point of attack to achieve a realistic exchange rate was the Budget deficit. And the pressure on the deficit was coming from the growing level of public expenditure.

It really was that simple, said Mr Cox.

"When people confidently know that would be the thrust of attention, the [favourable] reaction will happen far faster than you would initially have thought."

## Several steps

Finance spokesman George Gair would not say at what stage economic policy had reached. It still had several processing steps to pass through, he said. At the moment, the policy framework was being interlocked between different Caucus committees to ensure it was consistent.

Instead, Mr Gair said it was his preference to keep the focus on attacking Government economic mismanagement for as long as possible.

Decisions on release of National's economic package were still some way off, and he expected the detailed material to be reasonably late — probably after the Budget.

/13104

CSO: 4200/437



PROTESTERS MAR WAITANGI TREATY ANNIVERSARY

Wellington THE EVENING POST in English 7 Feb 87 p 3

[Text]

Though few in number, protesters at the Beehive Waitangi Day reception last night kept a large contingent of police busy for several hours.

About 150 people, mainly Pakeha women, voiced their protest with singing, chanting, marching, and blocking vehicle access to Parliament grounds from 1pm. At 7pm some were still chanting on the street directly outside the Banquet Hall, where the function was taking place.

Inside, about 450 guests enjoyed sandwiches and savouries; musical items on stage drowned out the sounds from outside.

Cries of "Honour the treaty" could be heard, however, during Maori Affairs Minister Koro Wetere's speech of welcome.

Though at times the police were frustrated by the protest groups, there never appeared to be a threat that protesters would succeed in gatecrashing the function, as happened last year.

Several scuffles broke out at the Molesworth Street gates to Parliament as guests arrived and demonstrators tried to block the paths of their cars. US Ambassador Paul Cleveland's car was held up at that entrance by pro-

testers shouting "shame." The car was forced to pull back and enter Parliament from another gateway.

The protesters had started to move off to other locations when the Governor-General, Sir Paul Reeves and Lady Reeves's entourage arrived, and it entered the gates without trouble.

Officers were issued with earplugs after the Beehive function began at 5pm, as the protesters moved to the Bowen Street frontage of the building, and staged an at-times deafening noise.

Protesters beat hubcaps, and drums, blew whistles, yelled, operated sirens, and created feedback distortion through their loud hailers. Three cars were also driven slowly back and fourth in Bowen Street, with their horns blaring.

At least one of the cars was silenced for two hours when a traffic officer ordered the vehicle off the road under warrant-of-fitness provisions because its handbrake was allegedly faulty.

Protesters even surrounded one of the vehicles when it stopped in Bowen Street, and drummed its panels with their

hands. They were pushed back on to the footpath by police.

Police made three arrests during the afternoon. One man was charged with assaulting a police officer, another with failing to stop a car when ordered to do so, and the last for breaching the peace.

Inspector Taffy Jones, who oversaw the police operation, said the officers were never stretched yesterday.

Inside, the function went smoothly. Guests from national and civic organisations, social and community groups, Pacific Island communities, ethnic associations and the arts listened to items from the Canterbury Percussion Ensemble, the Hutt Valley Memorial College Maori Club, the Tokelau Community Cultural Groups, and the New Zealand Youth Jazz Orchestra.

Compere Howard Morrison even persuaded Sir Paul and Arts Minister Peter Tapsell to join him on stage and sing Pokarekare ana with him. Morrison added a couple of his own Sailing Away verses, which have immortalised the Moari song in an America's Cup context.

/13104

CSO: 4200/437

PAPER VIEWS ANTITERRORISM BILL AS 'UNDESIRABLE,' 'CENSORSHIP'

Wellington THE EVENING POST in English 7 Feb 87 p 4

[Editorial: "Any Excuse to Censor"]

[Text]

THE GOVERNMENT could be seen to be using the excuse of terrorism to impose a blanket form of censorship on the media. The International Terrorism (Emergency Powers) Bill, introduced in Parliament this week, invites such an interpretation.

There are aspects of the Bill which hark back to wartime censorship.

It is not unexpected that, in the current world climate, anti-terrorist precautions of whatever severity would be seen as laudable and necessary.

New Zealand does not have the security of isolation as the Rainbow Warrior affair proved. Thus, for a majority of citizens, there is comfort in knowing a government has in place the mechanism to deal with something which is anathema to an orderly society.

But, as this Bill proposes, to give the police the authority to prohibit or restrict, in other words censor, newspaper publication and radio and television broadcasting in an "emergency" is, we strongly believe, a most undesirable move.

Fixing on laudable goals to cope with emergencies is a government's right. But, as we have seen, once that mechanism is in place it can be subject to manipulation by an administration should it want to manage the dissemination of news. South Africa is one example, and a horrendous one at that.

Mr Lange, as Prime Minister, introduced the anti-terrorism Bill. He, along with all freedom-loving New Zealanders, abhors terrorism. However, the powers he seeks to give his Administration (and Government numbers in the House will assure the Bill's safe passage) would, in so far as censorship is concerned, put the media in an invidious position.

Too little account seems to have been taken of the fact that New Zealand is widely acknowledged as having a responsible media befitting its open-society status.

Any form of peacetime censorship, specially police-controlled and purporting to protect the country against underhand attack, should take cognisance of this.

Experience has shown that it does not require in this country the application of heavy-handed censorship to have the media respond where discretion is sought in the public interest. Yet as drafted, the latest Bill could prove more backward-looking, and controversial, than the Public Conservation Act of 1932, which, in Mr Lange's words, the Government is totally committed to repealing.

It is certainly worth noting that the proposal to give our police special censorship powers during terrorist emergencies appears to have no parallel, even in Britain. Why, then, has the Lange Government sought to put into law a form of censorship with such potential to repress and suppress?

Before the anti-terrorism Bill is passed, its examination should be thorough and non-partisan. The definition of an emergency situation needs to be clearly understood.

There can be incidents within a country, and New Zealand has had its share, that are terrifying without being acts of international terrorism. Therefore, a Bill of this sort has to be exact in its purpose. Is it to apply only to external threat, as its title would suggest? Or will the censorship provision, for one, be all-embracing? To use the public's abhorrence of terrorism as a way of getting into the Statute Book a form of control of the media is a step unbecoming to any government.

Coverage of the Rainbow Warrior case was thorough because the media was not censored. It determined for itself what the public should know.

The very nature of freedom embraces concern for the individual — his and her protection, rights. What politicians in this instance must get clear in their minds is the vast difference between concern and control.

/13104

CSO: 4200/437

BANK REPORTS UNCERTAINTIES IN ECONOMIC DEBATE

Wellington THE EVENING POST in English 9 Feb 87 p 23

[Text]

Economic debate in New Zealand, though welcome, is taking place in areas where both economic theory and official data are at their weakest, the BNZ's economists say in their latest review of economic indicators.

The bank economists noted that the turn of the year was unusually replete with assessments of the state of the economy. Nearly all reflected gathering doubts, not so much about the direction of economic policy as about the speed with which the hoped-for results, could be attained.

"It is a welcome innovation for New Zealanders to enjoy an economic policy debate based upon facts and rational interpretation rather than upon unsupported belief," they say.

However, gaps existed in New Zealanders' knowledge about the economic reality upon which the debate was based, they add.

"At this stage it is not possible to determine how long the transition from a relatively command-like economy to a more-market one will take.

"It is not possible to predict whether the transition will be unstable or not. It is not possible to forecast changes to the industrial structure of New Zealand that will result."

The economists conclude these uncertainties probably lie at the heart of volatility on the money market, and recent rises in interest rates. On top of that, forecasts have become more pessimistic about gdp growth, inflation and the balance of payments.

Uncertainty about medium-term prospects had shortened the planning horizons of depositors, apparently inducing investors to consistently demand a real rate of return of 5 to 6 percent a year. And overseas comment was now less euphoric than it was.

Aside from all this was the criticism of liquidity policy heard in some quarters, they say.

DAILY VIEWS BOLGER'S 'LUCK' AT AVOIDING ECONOMIC DEBATE

Wellington THE EVENING POST in English 2 Feb 87 p 6

[Editorial: "Little Justice and A Lot of Luck"]

[Text] THERE BEING LITTLE justice and a lot of luck in politics, the Leader of the Opposition, Jim Bolger, has been largely able to concentrate on the various scandals surrounding Maori funding while side-stepping, in his state of the nation address, the question of what National would do about the economy.

Would a National government move to reinstate some controls?

Mr Bolger did not tell us, and it is reasonable to suggest that he may not yet know.

He did, by means of the chart system which stood Sir Robert Muldoon in such good stead during the 1975 election campaign, show that there is little short-term comfort in the Government's economic policy. But the Minister of Finance, Roger Douglas, has won respect from the business community and others, too, for his apparent willingness, rare in a New Zealand politician, to look beyond the short term. Unfortunately his party would not allow him to apply his form of economic orthodoxy across the board, so there are widespread perceptions of the unfairness of Rogernomics in the country's less-advantaged areas.

Nevertheless, many farmers, and particularly those with off-farm and off-shore investments, are supporters of Mr Douglas; so are many other affluent New Zealanders whose vote might once have automatically been a National one.

So the Opposition has a problem in choosing between "me-tooism" or promising some form of intervention that could deal with what some

see as the exploitation of our vulnerable economy by large financial interests.

This means that National would like to wait, to see if the electorate generally is becoming disenchanted with Rogernomics. With the ballooning deficit, rising unemployment and the increase in interest rates the seedbed of discontent may be ready. Now the stock market, responding to these indicators, appears to be sliding in a way that suggests the public could be losing its confidence that the country is on a winning streak.

All the same it is far from certain that the electorate is ready for a return to Government intervention in the economy. So Mr Bolger, presented with a serious race issue as the primary concern of the moment was able to avoid nailing his party's economic colours to the mast.

He can rightly claim that it is his constitutional duty to oppose, and by pointing out, via those charts, the general downward turn in the economy he was entirely fulfilling the duty of any Opposition leader. All the same, having been surprised by the way in which Labour directed the economy after its 1984 win, the electorate may be more pressing in its demand to know what National would do.

Mr Bolger is lucky that concerns about the management of taxpayers' money in Maori-related areas of Government funding has given National some breathing space in its preparation of an economic policy.

FORMER CHIEF WARNS DEFENSE REPORT INCOMPLETE

Wellington THE EVENING POST in English 28 Feb 87 p 1

[Text] The Government's Defence Review is no more than the first half of a report, according to New Zealand's recently retired defence chief, Air Marshal Sir Ewan Jamieson.

Sir Ewan today criticised the review for lacking specifics and being little more than a political statement of basic defence policies. "I would have expected them to have taken the review further than they have," he said. "Really they have only made public the first half of a review."

He said the review indicated New Zealand should do more towards its own defence and this was a move in the right direction.

"But the review doesn't say what commitment the Government is going to make to doing more and putting policies in place.

"It seems we are going to have to wait a couple of years before we see any programmes of equipment acquisition and patterns of expenditure to judge whether the Government is going to implement policies on a greater degree of self reliance."

Sir Ewan said the review failed to say where New Zealand stood on issues that affected wider global peace.

The defence of New Zealand had to go much further than looking simply at the threat of invasion.

"We have to ensure that we are not eventually over-run by systems of government which can't tolerate personal

freedom and liberty in a way we think it should be tolerated.

"We should be examining this question and making a stand on it," he said. "We need to say in what way our defence policies are going to assist in that kind of wider global protection and security.

"There is none of that sort of discussion whatsoever in the review — it hasn't been looked at."

Sir Ewan's criticisms were also shared by other former New Zealand defence heads.

Another retired chief of defence, Vice Admiral Sir Neil Anderson, agreed the review was short on specifics.

"It gives no undertaking to do anything," he said. "Every single move is hedged.

"It would seem to me that anyone in the forces would feel let down by it.

"It doesn't give a clear way ahead and that is what they were expecting."

Sir Neil said the review had no strong points that hadn't been made before.

Talk of a support ship and New Zealand's defence position in the Pacific had all been included in the defence review of 1987.

"It's not new and there is no form of commitment to do anything," he said.

Former chief of naval staff, Rear Admiral Ted Thorne, said the review lacked specifics or any financial aspects.

He said it remained to be seen whether greater defence co-operation could be developed with Australia but New Zealand could not expect to stand alone.

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COPPER, GOLD, COFFEE TOP 1986 EXPORTS

Port Moresby PAPUA NEW GUINEA POST COURIER in English 13 Mar 87 p 25

[Article by Noel Pascoe]

[Text] PNG's export performance became more reliant on three strong industries — copper, gold and coffee — in 1986, the Deputy Prime Minister, Sir Julius Chan, said yesterday.

These three picked up strongly in production and value, and tended to disguise the drop in value for other export commodities.

Sir Julius, who is also Minister for Trade and Industry, said preliminary estimates from his department showed exports totalling K1,003,00, an increase of K93 million or 10 per cent against 1985.

Copper, gold and coffee, collectively, made up 76.4 per cent of total exports last year, compared to only 65.1 per cent in 1985.

Coffee had the most "staggering" growth, with an increase of 74 per cent (K86,515,000) in receipts.

Gold export revenue jumped by 25 per cent, up by K4.5 million, because of rising world prices and a 13 per cent boost in production. Copper concentrate production and higher prices netted an extra K38.4 million.

Sir Julius warned: "However, the strong performances by the minerals and coffee sectors tend to disguise the difficulties being faced by our agricultural producers.

"Total receipts for cardamom, cocoa, copra, coconut oil, palm oil, rubber and tea were all down in 1986.

"Greater volumes of cardamom, cocoa, coconut oil and palm oil were exported but lower prices still cut back total receipts."

Sir Julius said the minerals sector had injected vital strength into the economy

He added: "The minerals and possible petroleum boom is just beginning. We are getting our very first lick of the ice-cream. But in time the boom will pass and unless we have built up our economic and agricultural sectors, we will be in trouble.

"We need to transform aid revenues into trade revenues, and as the minerals boom gathers momentum, we need to transfer the heat generated into agriculture.

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## PHILIPPINES

YNIGUEZ LINKED TO ARMED RIGHTISTS: 'WE HAVE ENOUGH MONEY'

Frankfurt/Main FRANKFURTER ALLGEMEINE (BILDER UND ZEITEN supplement) in German 28 Feb 87 [unpaginated]

[Article by Erhard Haubold: "The Untamed Power: The Philippine Military and the Powerlessness of President Corazon Aquino"]

[Text] Lieutenant Colonel Fusillero is introduced as "our famous violator of human rights" and receives an enthusiastic welcome. He has been temporarily suspended from service because he hit the member of a legal commission of inquiry with a tape recorder. What do his colleagues think of such new-fangled accusations coming from Manila? "Communist prattle," they say. And from his remarks, his applause for Fusillero it may be concluded that their commander, Brigadier General Abenina, shares this opinion. He and his future as a soldier are at stake in the first place in this strange meeting in the constabulary barracks of Cebu, second largest Philippine city after Manila. The governor and the provincial council as well as some of the 48 mayors urge Abenina's transfer because the general slandered them (and some Church people) as communists. That happened months ago but the politicians are waiting to this day for a reaction, for disciplinary measures by the defense minister or the chief of staff.

After all, General Abenina is a meritorious fighter against the "communist octopus," it is said at the meeting in the barracks, a meeting which is attended by officers in uniform, muscular secret service people in jeans (the torturers of yesterday) and a whole series of civilians: business people, lawyers, architects, and other dignitaries of the wealthy commercial metropolis arranging trade between north and south. They want to collect half a million signatures for General Abenina to stay. Three journalists who continue to receive fees from the Marcos coffers are to take care of the publicity. Their radio stations (for a while they were supported by the Friedrich Ebert Foundation) firmly rail against communism and repeatedly have been victims of bombings by the communist "New People's Army" (NPA), which also murdered two of their journalists. The song of the "stouthearted men" is sung, then a retired general complains about the "new time": Commander in chief Corazon



Aquino must now after all be recognized. But to take instructions from "any Tom, Dick and Harry in civilian clothes" that goes clearly too far.

### The Communist Danger

In the microcosmos of Cebu, where Ferdinand Magellan spent his last night, some things can be observed more clearly than in the smooth coffeehouse society of the capital which is located one hour's flight north of here. If helicopter squadrons fly over the Bay of Manila, then the bored question at cocktail parties is at best whether the preparation or the suppression of the seventh, eighth or tenth attempted coup is about to be observed. Everywhere in the countryside, not only in the constabulary barracks of Cebu, dissatisfaction and refractoriness of the military are evident. It is possible that the next and more successful mutiny will be staged here and not in Manila. In the province becomes clear what is expressed in Manila possibly in rotary clubs or in the commentaries of some newspapers: the fear of communism grows, in part as a consequence of the armistice ended in early February in the course of which the leftist radical "National Democratic Front" (NDF) was able to collect propaganda points. The alliance of expediency of bourgeois circles with the underground from the Marcos era is ended, the Catholic Church also dissociates itself and prohibits collaboration by its young priests in organizations such as the NDF. The military, on the other hand, uses the changed atmosphere brazenly for its own purposes. The communist danger which has lessened under Mrs. Aquino is built up into a bogeyman behind which fascist tendencies can be hidden just as much as continued loyalty to the Marcos regime and the rejection of any reform whatsoever of the armed forces. Whoever reminds of human rights is slandered that he is a communist.

That leads to tensions between soldiers and younger clerics who become all the more radical in their sociopolitical demands the closer they work in the slum and against poverty, who incidentally carefully observe and document whom the uniformed personnel pick up and torture, who disappears and never reappears. More than 400 people continue to be missing one year after "People Power" and Corazon Aquino's peaceful revolution, the Redemptorists in Cebu say. In the first Christian city of Asia, they are the principal opponents of the military: They remind with a memorial mass every month of the priest Rudy Romano who disappeared nearly two years ago and was probably murdered by soldiers. They criticize the dragging investigative proceedings and in the meantime have hidden the completely intimidated main witness in a church location (his brother was shot and killed, the office of the prosecutor was bombed). Since they permitted the laying out of two partisans in their church and read a mass for the murdered persons--the communist flag was shown on this occasion--the Redemptorists are confronted with "protest prayer meetings," leaflets show a priest with a rosary and machine gun.

Everywhere in the countryside, in Cebu and on Mindanao, the second largest island, anticommunist action societies come into being, such as Alsa Masa, Paac (snapping) or Caca (spider) challenge the "New People's Army" to "open battle" and achieve quite a few successes for example in ousting long-standing communist control from the big slum called "Nicaragdao" in Davao or in fighting communist tax collectors. This is possibly a reaction to the successes of the NPA partisans since the overthrow of Marcos, but it should not be overlooked that the new "death squadrons" (frequently lumpenproletariat and people from the underworld) are well liked in the military, are probably supplied with weapons by them and are employed for special tasks, e.g., the protection of marijuana fields or the "liquidation" of "tattooed," in other words of cattle thieves, robbers and other criminals. From this point to the "execution" of political dissidents, church people warn, it is no big step. Father Fruto, the prior of the Redemptorists in Cebu, speaks of a "terrifying mess."

In parts of the island state there are already more armed groups than were ever counted in the times of Ferdinand Marcos: in addition to the anticommunist associations there are now the fanatical anticommunist sects (which frequently are financed from abroad, e.g., by the "Moonies."), in addition to that the not yet disarmed private armies of warlords, formerly influential national politicians or big landowners. A new phenomenon is added to them: army deserters, soldiers and officers, among them at least one general, who fled into the mountains following the failed attempted coups of the recent months. All in all, this is a rich reservoir for future mutinies, for subversion attempts on the part of the former president ("We have enough money," his representative, the former president of the parliament, Yniguez, lets it be known) or for efforts that are ascribed to retired general and CIA expert Singlaub who allegedly with the help of U.S. mercenaries wants to bring the biggest communist uprising in Asia to its knees.

For this reason alone, 1987 is likely to become a troubled year for the Philippines--regardless of the great proof of confidence received by Corazon Aquino when almost 80 percent of the Philippine voters voted their approval of the constitution in the plebiscite. A new Congress (24 Senators and 250 members of the House of Representatives) will be elected in May, thousands of offices on provincial, district, and village level will be voted on in August. Political and economic power is involved in both instances. Money will flow and things will be bloody. Election times in the Philippines mean political chaos and paralysis, the beginnings of which can be felt even now and which will be accentuated by the coming cabinet reshuffle. Correspondingly great is the danger that President Aquino's second year in office will pass without great accomplishments and is wasted by election campaigns and a series of international honors while the majority of the 55 million Philipinos will have to make do without material improvements for a while. Sixty percent

of all families (with an average of six members) have an income of less than 230 marks a month and thus live below the "poverty level," in Cebu and Negros even more than 70 percent are in that position. Three of four children of preschool age are undernourished. The slump of the international raw material prices and the raids of the Marcos clique continue to create problems for the economy. Foreign debts amount to US\$ 26 billion, the economic growth rate last year amounted to all of 0.13 percent.

#### Unsolved Land Reform

Whoever wishes for a more dynamic chief of state in view of such general conditions, a chief of state who translates her political capital of confidence into social changes, is told that Mrs. Aquino and her ministers have worked to the limit of their physical and mental capacity during the past 12 months. The transition to democracy following 20 years of dictatorship, the repeated coup attempts, the dispute with the meanwhile fired defense minister Enrile, negotiations with creditor banks and finally the preparation of a new constitution--no time was left for other decisions, in the opinion of the political scientist Edmundo Garcia (University of the Philippines). Of course he also notes that with the plebiscite on the constitution a new political order has started, that the president undermines the basis of her government if she continues to ignore the demand for more social justice. The blood bath at the Mendiola Bridge in front of the Malacanang Palace, in which almost 20 demonstrating farmers lost their lives in January, was too tragic to be forgotten, Garcia said.

Some engaged peasant leaders ask what is worse: the 3,000 pairs of shoes of Imelda Marcos or the 6,000-hectare sugar plantation owned by the Corazon Aquino family. Land reform is regarded as the test of the sociopolitical intentions of the president. Her past hesitation and the fact that it needed the disaster at the Mendiola Bridge to get her to act are regarded as the worst mistakes of her period in office. Only about 10 percent of the Philippine population receives more than 40 percent of the national income and owns more than 90 percent of the fertile land. In the villages, with the two million tenant farmers and 5 million agricultural itinerant workers, land reform is the most important topic. As long as it remains unsolved, the "New People's Army" will always find new recruits. Mrs. Aquino wants to make available to the unpropertied in the countryside land confiscated from Marcos and his "nephews" and title deeds of the state banks from bankrupt's assets. But the peasant leaders criticize that the president is still a long way from a real agrarian reform, in other words the transfer of estates from one class to another. The historical moment may possibly have been missed. The new constitution asks for "just" compensation, possibly at market prices; that will lead to endless court cases. Moreover, the real property-owning class is likely to dominate the new congress and may be more

inclined to water down the provisions than to reform. "These people around Mrs. Aquino do not think of poor, they are not interested in the social revolution but in newly defining the rules of the game for the Philippine elite after the departure of Marcos," a functionary of the leftist-oriented peasant movement KMP observes. This in the face of the fact that the absence of sharing by the poor in the national treasures of soil, forest, and lakes, rivers, and canals is the most important reason for all social tensions. Under President Aquino the lumber concession for a tremendous forest area of 200,000 hectares was given not to the adjacent poor municipalities but to a business combine; the situation was similar with regard to the fish ponds, where the poor could not fulfill the official minimum requirements (banker's reference, study by an adviser).

Of 30,000 Negros plantation owners, precisely 11 want to turn over a small part of their sugar plantations, about 10 percent, to the hungry workers for the cultivation for foodstuffs. Pronounced feudal structures are the impediments to every attempt at reform and also the descent of the president from the wealthy landed gentry is unlikely to be helpful. She is incapable of overcoming her class interests and is not prepared to burden the wealthy with painful reforms, she presides over a bourgeois restoration, the representatives of the left, especially the younger generation asserts. Indeed Corazon Aquino has a rather conservative mandate: The People-Power revolution a year ago was supported by the middle class and the Church, while the left with its election boycott had put itself on the political sidelines. At the same time, the result of the referendum on the constitution can be interpreted as a rejection of any kind of radical policy. Of course the danger is great that the government of the bourgeoisie neglects the workers and peasants. In place of a courageous deed, Mrs. Aquino is inclined towards legalistic considerations, towards evasive maneuvers, as she has shown not only in the question of the land reform. After each murder of a politician, after each attempted coup, a new investigation commission meets, but nothing becomes known about its findings, for interested circles almost always succeed in intimidating the most important witnesses. The president did not assign the best of her colleagues to the negotiations with the communists concerning an armistice and a long-term peace arrangement.

A plan that would have responded to the demands of the other side for substantial reforms did not exist, nor does it exist to this day since in some provinces the hope for communist turncoats exists, turncoats who need personal protection, a job, a piece of land. In the future, these trends could become even more pronounced as more important collaborators leave the cabinet and are replaced by "technocrats." Nothing has changed with respect to social inequality, the oppression of the poor, the corruption of the uniformed, young priests in the countryside state. But the human right violations have definitely decreased. Soldiers and

policemen now know that they can be put on trial. The president's achievements "in the field of political freedom are outstanding but not very inspiring when fulfillment of the socioeconomic promises are involved which she made to workers and peasants in the election campaign," writes the Jesuit, Father Bernas.

There is also harsh criticism of the softness shown by Mrs. Aquino towards the armed forces (160,000 soldiers, 90,000 members of the constabulary and the police). Demonstrating peasants are killed, revolting colonels are invited to tea with the president, it was said after the latest attempt to counter the dissatisfaction of the uniformed forces by talks with members of the middle level ranks (colonels and below). At these meetings between "mother and sons" (as one of the participants put it) in barracks and mess halls, what is involved are pay and better weapons, but especially the misdeeds of the past whose dissemination in front of the people by the especially appointed "human rights commission" thus far has been prevented by the military. At the latest of the "commander cocktails," the president promised that the commission is to investigate not only murders, kidnappings, and rapes by soldiers but also the violation of human rights by the communist partisans. Since communist underground fighters will not appear before investigating committees, this means practically the end of the Human Rights Commission.

#### People Power and the President

Some of her advisers believe that such concessions by the president are necessary if she wants to prevent her being nothing but a figurehead within a year, but that the affairs of government would be conducted by a military junta. But it should not be overlooked that each time she gives in, the uniformed forces raise new demands, which now culminate in the request to retire Chief of Staff Ramos. After the first coup attempt in July, amnesty was granted, reconciliation was supposed to have a healing effect. But since then at least four additional mutinies were counted with harmful consequences for the investment climate and the reputation of the armed forces domestically and in foreign countries. The remark of the Defense Minister Ileta preferably not to want to investigate the mixture coup attempts and coup rumors--after all neither persons nor property were harmed--hardly instills confidence in anyone. The military refuses reform internally, its reputation among the people is as bad as ever.

In Argentina, it is said, it took a few years before the first generals could be put on trial. But it is also stated that it is high time for Mrs. Aquino to confront the Moloch military with "People Power." The popularity of the 53-year-old widow is unbroken, the U.S. ambassador in Manila speaks of a "nearly spectacular volume of public sympathy" which she enjoys. "God sent" they say in the villages about the woman for whom

there is no model in Philippine history, not even President Magsaysay was as popular, enjoyed such great moral confidence. President Aquino stands for total turning away from everything associated with Marcos, a phenomenon that is not readily disclosed to Western analysis. The historian Reynaldo Ileto, who teaches at Australia's James Cook University, points out the animistic, religious, folkloric components of "People Power" and traces the matter back to the August 1983 assassination of Benigno Aquino who had returned from the United States; Benigno Aquino lay on the landing strip of the airport in Manila "with arms outstretched like Jesus on the cross." Ileto mentions Corazon Aquino's changing from the English language to Tagalog and back, which is exceedingly popular with the public, the soothing quality of her voice which keeps the audience in suspense. Clerical advisers, mostly Jesuits, keep her informed of the latest religious idiom. The display of busts of Santo Nino and the prayer marchers led by priests by which the Marcos troops were kept in check were not merely spontaneous demonstrations of "People Power," Ileto notes. "Rather what was involved were also the new findings on religious mass psychology which the former students of Jesuit schools were able to obtain; it happened rarely in Philippine history that the masses took things seriously and acted jointly. Ninoy Aquino's death and the time thereafter, finally the defeat of Ferdinand Marcos was such a moment. Cory Aquino must now see to it that the intensity of the event is maintained as long as possible. For only within this time frame will she be able to hope using the energies of the people for her goals of reconstruction."

12356

CSO: 4620/14

## ACTIVIST GROUPS DISCUSS ELECTION PREPARATIONS

Quezon City NATIONAL MIDWEEK in English 25 Feb 87 pp 12-15

[Article by Gina Apostol: "The Futures of Their Causes"]

[Text]

**A**t the Commission on Audit, where I voted, there are blue placards all over the place quoting government service wits. When I entered my precinct to vote, a placard announced to me: "All countries get the governments they deserve."

All cause-oriented groups live under the shadow of this veiled warning. The past months have shown that various groups, from BANDILA to the Kilusang Magbubukid ng Pilipinas, each have varying notions of what governments they want. But interviews show that the methods of their causes dovetail and repeat themselves. We all live in one country, and finally under one Constitution, after all.

The ratification of the Constitution promises, among other things, a revival of congressional politics that will keep talk shows in business and PR men in English wool. It will also lead cause-oriented groups to a new arena, poaching on the preserves of "traditional" politicians while continuing efforts to attain change by marching in the streets.

Among the four groups interviewed, stalwarts of the Bansang

Nagkakaisa sa Diwa at Layunin (BANDILA) will find it most easy to go full speed, without qualms, into the congressional elections: for one thing, they campaigned for an unequivocal yes for the new Constitution which provides for the elections; for another, they already have men in government (Commissioner Teofisto Guingona, Minister Jaime Ongpin) and seem to be the group closest to power. Their president is Cory Aquino's brother-in-law, Butz Aquino.

BANDILA, according to Butz Aquino, will not be converting itself into a political party. It will form alliances with groups like the Liberal Party, the Partido Demokratiko Sosyalista ng Pilipinas (PDSP) and the National Union of Christian Democrats (NUPD) in fielding candidates for the Senate and the House. Butz Aquino himself, genial as everybody's neighborhood politician, might be running for a seat. Other potential electioneers of BANDILA are Tito Guingona, its honorary chairman, Raul Daza of the LP, and Leticia Ramos Shahani of Lakas ng Bansa.

In a short interview at the Club Filipino, this lush-narra,

mod-Spanish place in Greehills where the BANDILA holds weekly meetings, Butz Aquino explains that the group is most concerned with economic recovery: political stability and social justice, two other components in the group's program of action, would propel the thrust towards achieving economic strength. The report of the 2nd National Congress of BANDILA expands on the group's "vision," a compendium of correct constitutional abstractions: the problem is "how to operationalize," says Butz Aquino.

"We agree with all the demands of the farmers, for instance. Except for some difficult demands, like that involving sequestered lands. Those lands are not within the government's power to give away. But basically, we agree with all their demands. But how do we operationalize? We're still working on that."

**B**ANDILA's plan of action seems to center on the coming elections. Similarly, the Bagong Alyansang Makabayan (BAYAN), an umbrella organization of 1,300 national democratic groups (the complete

list of their organizations is "confidential,") will be fielding candidates for Congress. Atty. JV Bautista, director of the Electoral Struggles and Political Activities Commission of BAYAN, says that the Constitution provides for the direct participation not only of political parties but also of people's organizations in the election contests. While BANDILA will form alliances with established political parties, BAYAN has plans of fielding its very own candidates. The names Bautista cites as possible candidates for national seats are Nelia Sancho, Wigberto Tañada and the lonely duo who rejected the Charter in the first place, Constitutional Commissioners Jaime Tadeo and Jose Suarez. Bautista does not think that the fact that Suarez and Tadeo rejected the draft Constitution will hinder any campaign to get them into Congress.

"They should be emulated," says Bautista. "They rejected the draft because of certain provisions; and they stuck to their beliefs."

BAYAN did not campaign for any shade of yes or no in the recent past plebiscite; it opted for a safe "conscience vote" stand, although member organizations like the KMP and the KMU campaigned for no, and the Alliance of Concerned Teachers and the Nationalist Alliance campaigned for a 'critical' yes. BAYAN viewed the plebiscite instead as a "commitment to educate" people on the Constitution.

"We are not affected in any way by the outcome of the plebiscite," says Bautista. "We will go on with our programs--continuing education, pressure actions, rallies, demos to further basic demands of various sectors--workers, farmers, teachers, students--and lastly, active participation in the electoral struggle."

"A big event we're preparing for is February 25, the commemoration of the uprising. We need to recommunicate the message of the uprising--it was neither a miracle nor a veneration of the military; it was basically a reaffirmation of the power of the people and their desire to institute basic changes."



"For the elections, we will probably coordinate with Partido ng Bayan and KAIBA. Electoral struggles will become a very significant venue for political conflict and conflict resolution. The participation in the elections is a ground-breaking role for us. We do not want to go back to the elite-dominated system. But how do you prevent this? I think we must take advantage of the multi-party system provided for in the new Constitution. It will be a breakthrough for us--we will challenge the supremacy of the elite on their own turf. It will unsettle the Americans as well, I think.

"We would have liked a uni-cameral Congress, though. The Senate has always been a moderating force, a safety-valve mechanism. It's used to check the radical tendencies of the House whose members are elected by the grassroots. The conservative nature of the Senate is made clear by this fact: you need five million pesos, at least, to run for the Senate.

"We will go on with our plans. We will continue to question the presence of the U.S. bases, and the land reform provision. The elections will be significant, but they are only incidental."

The Bukluran para sa Ikau-unland ng Sosyalistang Isip at Gawa (BISIG) was one of the founders of OUTCRY, an alliance of organizations campaigning for 'critical' yes. It was set up for the plebiscite by cause-oriented groups that wished both to educate people on the Constitution as well as point out its specific ills. Like BAYAN, the group deplored the existence of a Senate, and the provisions on land reform, the American bases and agriculture-based industrialization. The OUTCRY groups are planning to prolong the alliance's existence, possibly under another name, to act as a pressure group to counter the Constitution's 'defects.' BISIG will be one of the prime movers of this group.

Ronald Llamas, BISIG secretary general, says their aim is to create "alternative centers of power"--separate from traditional centers such as Malacanang and Congress--by "organizing the unorganized."

"There will be a vacuum in cause-oriented politics," Llamas says. "The resources of various groups might be diverted to joining electoral politics rather than to organizing the grassroots. Cause-oriented groups can join the elections if the mass base is strong enough. Maybe then we can challenge the financial resources of traditional politicians. We're still trying to strengthen that base.

"We plan to work as a lobby group. We want to press for immediate government response to the following issues: land reform, debt repudiation, human rights, the reform of the military, the

US bases and the implementation of the no-nukes provision in the Constitution.

"The challenge of the plebiscite results is that the Aquino government must now show its decisiveness. Now that it has a clear mandate, it must fulfill the promises Cory Aquino made before and after the EDSA Revolution. It must present us with concrete programs. It shouldn't become complacent. That's the biggest error this government can make."

BISIG is also joining a newly established broad alliance called the Coalition for Peace which involves people like Fr. Jose

Niebres, the Jesuit Provincial, and groups like Lakas ng Sambayan and BAYAN. It was originally founded to promote the ceasefire talks, but now that the NDF has refused to go back to the negotiating table, it is making plans for other "viable" peace programs.

"The plebiscite results show that the Cory mystique is still the government's political ace," observes Llamas. The 'no' campaign of the extreme left has affected their group much, I think. Maybe they need to reassess their methods and their policies: Samal, Bataan voted 90 percent yes, and this is surprising considering the place is basically pro-NDF. Maybe most people want peace, want to give the Aquino government a chance. Maybe they want more positive prog-

rams rather than 'anti' slogans. I think we need to present our people with concrete and visible programs that will be the rallying point for cause-oriented groups, the way Marcos was the rallying point of our groups under his regime."

**T**he Kilusang Magbubukid ng Pilipinas, an organization under BAYAN, campaigned for the rejection of the Charter during the last plebiscite. The group made headlines when its march on Malacañang resulted in what is now called the Mendiola massacre. Most probably, it will be in the headlines until its land reform demands are met.

Jaime Tadeo, KMP chairman, says that for the KMP, after the plebiscite,

"tuloy ang pakikibaka sa lansangan." ["The campaign against evil will continue in the streets.]

"Mag-aantay kami hanggang Marso bago kumilos, Sabi ng gobyerno, pinag-aaralan nila ang comprehensive land reform plan at matatapos iyon sa Marso. Bukas kami sa konkretong dialogue. Iginagalan namin ang mga nasa ministerial posts pero batay sa karanasan namin, kailangan ang Presidente na mismo ang dapat humarap sa amin. Kung sa paglipas ng Marso, wala pa ring konkretong programang ihinaharap sa amin, mayroon na kaming nakatakdang protest action. ["We'll wait until March before we act. The government said that the comprehensive land reform plan is being studied, and that it will be finished in March. We're open to concrete dialogues. We respect those in the ministerial posts, but based on our experience, it is imperative that the President herself talk to us. If after March, there is still no concrete program presented to us, we already have a scheduled protest action.]

"Sa pagkapanalo ng yes, nabigyan kaming mga magbubukid ng mumo. Itutuloy namin ang extra-legal na paraan pero kailangan ding makisangkot sa mga halatang darating para maidevelop din ang mumo na ibinigay sa amin ng Saligang-Batas. ["With the 'yes' victory, we the farmers are given crumbs of cooked rice left over after eating. We will continue with the extra-legal means, but it is also necessary (for us) to get involved with the coming elections in order to develop the crumbs of rice left over after eating that were given to us by the Basic Law.]

"Pero wala pang land reform program na lumabas sa Kongreso, ayon sa karanasan ng nakaraan. Dapat gabayan ng Presidente ang Kongreso. Pag sa Kongreso lang, lalabo ang pag-asa namin. Kaya, doon siguro kami matatali sa mga extra-legal

na paraan para makamtan ang tunay na reporma sa lupa, Dapat magkaroon ng strong political will ang national leadership. Kung hindi, sa pamamagitan ng land seizure at land occupation, kami na ang magtutulak ng reporma. Higher law ang igagalang ng magbubukid, ang batas ng Diyos. Kami ang nagasasaka ng lupa. Kami'y dapat bigyan ng aming mga karapatan. ["However, based on past experience, there hasn't been a land reform that has come out of Congress. The President must lead the Congress. If it is left only to the Congress, our hopes will diminish. Thus, I think we will confine ourselves to the extra-legal means to achieve true land reforms. The national leadership should have a very strong political will. Otherwise, in the midst of land seizure and land occupation, we ourselves will push strongly for reforms. The farmers respect a much higher law, the law of God. We cultivate the land. We must be given what is due us, our rights.]

"Tatakbo ako sa Kongreso kung desisyon iyon ng KMP. Sila ang magdedesisyon niyan. Inuulit ko, kikilos kami sa dalawang pamamaraan: ang pakikilahok sa legal na eleksiyon, at ang patuloy na pakikibaka sa lansangan. Dapat pangalagaan namin ang nakuhang gains na tinatawag nila." ["I'll run for Congress, if that's what the KMP decides. They make the decision. I repeat, we'll act in two ways: participation in a legal election, and an on-going campaign in the streets. We should take care of what they call gains that they have made."]

The ratification of the Constitution has probably stepped up mass action rather than limited it. The sounds we hear from political groups redirecting and re-forming their ranks and from the rising wave of pressure activities are only the sounds of a democracy revived. This country already has all the politicians it deserves. Through the Senate or streets, it just might get the government it needs. [M]

/9274

CSO: 4211/29

CEBU COLUMNIST HITS 'LACK OF PURPOSE' IN AQUINO SENATE SLATE

Cebu City SUN STAR DAILY in English 23 Feb 87 pp 5, 19

[Column by Godofredo M. Roperos: "It's Still Same Old Politics"]

[Text]

WE were in Manila for a few days, and we were still there when the senatorial line-up of the President was announced. The morning it was laid out in the papers, the first thing that came into our mind was: it's still the same old politics at work in the new national leadership's consideration of who should or should not go into the line-up. We could not find anything new, not even one we can consider as clue to a new political value introduced into the task of choosing.

Later in the day, we attended the Pen International (Poets, Essayists, Novelists) annual conference at the Cultural Center of the Philippines. And we met again a long time newspaperman friend who has long studied the nation's political scene. During the coffee break, we talked about the present political situation. Not knowing his political persuasion at the moment, we allowed him to talk, in hope of getting a clue.

What we noticed was his non-committal stance, a journalistic objectivity which ra-

ther surprised us because we could sense a touch of caution in it. When we told him about what we think of the President's choice of senatorial candidates, he somehow brightened up a bit, and said we seem to have the same thinking, that our minds may be running along parallel course. He said he was happy when President Cory revealed Competence, Integrity, and Ability to win as basis of her choice.

"C.I.A., 'friend,' he said. 'A very meaningful acronym, for I cannot see among the candidates chosen anyone we can seriously consider as true nationalist. They are all merely Filipino with no credible ideological stand, except perhaps for one or two. Most come from the elites, schooled in traditional politics, and those who are new, are political non-entities whose heart and mind we have not yet had the occasion to measure....'"

While our friend, who at one time became a national figure by accident, appeared to look at the candidates for

their ideology or political philosophy they may be standing on, we were ourselves scrutinizing them for a common denominator on which we can anchor our hope that once elected, they will jointly work, first and foremost, for the common good. There are so much to do for our people, so much to do for the economy, so much to do for the country.

But what we could perceive was nothing but a hodge-podge of motives and goals that will definitely not do in the face of the enormous problems we have at the moment. There is not even any political platform upon which the decision of the President to pick each one of them had been anchored, like determining their capacity to serve and work for the program of government delineated under the platform. We sensed a void, a lack of national purpose in the choice.

For one, President Cory said Competence would be one of the basis of her choice. Not all of them definitely can claim to being truly competent, even if they want to.

Integrity, she said. Offhand, we can ask why were the three Cabinet members she dismissed included in the line-up? What can the President achieve with them in the line-up? Then there is Ability to Win. Well, we can say offhand, at least four or five are sure winners. But what about the rest?

If CIA has been used by the President in choosing the names of the 24 would-be-presidential disciples, we are sure she did not consistently do so. Certain personal considerations and sentimental factors had crept in to help determine her final decision. And that certainly made a lot of difference in the outcome. For we can say some may have competence, others have integrity, and a number, the ability to win. But certainly only few of them possess the three at the same time.

On the other hand, the opposition's projected line-up does not also look any better. While it will be unfair to

the coalesced opposition to preempt their choice with a premature comment, still we cannot contain our concern that the coming elections will not be any different from the elections we last had more than 15 years ago when we were so rudely interrupted by the declaration of martial law. We can see the trend, the direction to which we are moving.

It seems so unfortunate we are missing one opportunity after another to really move decisively to a new direction in our national politics. We thought for a moment the national leadership will lead the country to a new political land, which though still uncharted, is fertile with reachable hopes and fulfillable visions, so rich in promise and so verdant with possibilities.

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CSO: 4200/435

WE FORUM PROFILES PNB GOALS, METHODS

Quezon City WE FORUM in English 16-22 Feb 87 p 4

[Article by Marie Calderon: "Partido ng Bayan--A Brave New Party in a Dirty, Old World"]

[Text]

Its main headquarters looks like a busy collegiate newsroom. Perched on top of a no-nonsense goto snack bar which collects hungry, penny-pinching journalists and assorted riff-raff along busy West Avenue in Quezon City, it hardly looks like the main office of a left wing political party which has caused untold nightmares to rabid anti-communists and has launched new propaganda campaigns for its most visible nemesis, the military.

Barely six months old, the Partido ng Bayan which claims 550,000 members all over the country, is all set to join the electoral exercises set for May 11 (congressional) and August 24 (local) in what is definitely a departure from traditional politicking.

Alan Jazmines, its articulate secretary-general calls it a "guts, goals and grassroots" approach, their answer to the "guns, goons and gold" tactics frequently tacked as a catchall description to every Marcos-run

election since 1965.

"In short," says Jazmines, "we have no time for baby-kissing, sprinting over fences, wooing voters with money or poking a gun at their ribs. In the first place, there is no money to do that. We're sticking to the our original idea of practicing a new kind of politics, a politics of the majority classes and not the elite, where issues, not personalities, are brought out."

Since its historic launching at the Folk Arts Theater last year, the PnB has had to contend not only with a virulent anti-communist hysteria which it attributes to maneuvers from the military and what it sees as its dangerous collaboration with the Americans. It has lost its first chairman, Rolando Olalia to still elusive assassins reportedly with military links. Last January 23, its application for accreditation as a registered political party was rejected by the Comelec.

When WE Forum comes to visit, however, Jazmines lets out the good news that the Comelec had finally

given the nod to its accreditation but not without a fight. Jazmines says it is one of the many battles the party continues to face, the latest hurdle darkly of a reported plot of one commissioner to influence his colleagues to stick to a "no accreditation" stand.

But that thing over, he says that the more important task ahead was preparing for the elections, a scant two months away.

With no illusions of a big budget and Party largesse (its coffers are near empty), Jazmines says that it is grassroots support which will sustain them all the way.

"We've done it before, and we're going to do it again. In the countryside, this is what is happening. May magbibigay ng pera diyan [There are (those people) from the middle forces who gave money]. May magdodonate ng pagkain. [There are people who donate food.] In our meetings for example, we don't encourage the idea of the people coming for a free ride. Let's take our congress. Instead of paying for the participant as what is usually done, it is the participant who pays. Hindi uso ang librehan dito." [Getting a free ride is not the thing to do here.]

Jazmines tells us stories of meetings in the provinces where the masses would pitch in. "May magpapahiram ng mga baso o pinggan, may magdadala ng manok o baboy. Duon sa Bikol, may mga nagdala ng laing. ["There are people who lend drinking glasses or plates, others bring chickens or pork. In Bicol, there are people who bring the stalks and leaves of taro plants as vegetables.] Some sympathetic teachers would offer their schools as venues. Everyone has something to contribute."

Still, Jazmines concedes that not all electoral campaigns can be conducted like countryside picnics and that material support like posters and campaign leaflets, TV and radio time and print ads give the rest of the well-oiled competing propaganda machines a big advantage.

"What we don't have in material support we make up with manpower. We have a formidable student bloc, the peasants and the workers, our identifiable mass base to help."

Harassment from the military and safety of party members remain its biggest problems.

"We're practically all over the islands, even in the North, although we are admittedly a small force there. This happens when there is intense militarization taking place. In the Cagayan region for example, our members cannot go above the ground because of fear of retaliation. Eh kung yung ceasefire negotiation panel nga doon, dita pa nagma-meeting sa Metro Manila because of the security risk, eh gobierno na yan, ha. [Gee, even if the ceasefire negotiation panel there has to meet here in Metro-Manila because of the security risk, well, that's the government, isn't it?] The TFD (Task Force Detainees) office, I understand has also pulled out there for the same reasons."

In Capiz, continues Jazmines, six truckloads of participants to their provincial congress were prevented from going by soldiers who block their way and told them to return to their homes.

"This is the result of four decades of Red scare indoctrination in the army," he says. "We find a pattern in their behavior in relation to the PnB from north to south of the archipelago. Nandiyan yang sasabihin sa mga taong hindi registrado ang PnB, [That's when and where the people say that the PNB is not registered, (it is) an] illegal, Communist front. The bottom line is that you join the PnB at your own risk."

Despite the tremendous risks, Jazmines is optimistic about the PnB's participation in this year's elections, the first in 41 years when a left-wing party will enter the electoral arena.

"We are hoping to get 33 out of 49 congressional seats in Mindanao; 26 out of 44 in the Visayas and 20 out of 108 in Luzon," he predicts.

There is also talk of a loose coalition with other progressive political parties and various cause-oriented organizations, and even pro-Aquino parties. Already, "tactical alliances" have been forged with the Partido Kordilyera, the Islamic Party of the Philippines, the Kaiba (Women's Party) the LP-Salonga wing and the PDP-Laban.

When the PnB-backed candidates win — and Jazmines is confident that most of them will — will it set a new tone or approach in the election process in this country.

"The idea is not that far-fetched," he says. "It can happen; we would like to make that happen."

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CEBU EDITORIAL LAUDS SELECTION OF LOCALS FOR SENATE

Cebu City SUN STAR DAILY in English 22 Feb 87 p 5

[Editorial: "Cebuanos in Senate Slate"]

[Text]

**Cebuanos all over the country should hail the inclusion of two fellow Cebuanos in the "Cory list" for the Senate race - Mayor John H. Osmeña and labor leader Ernesto Herrera.**

**The choice of Mayor Osmeña and Herrera reflect a recognition by President Aquino of their integrity, talent, and capacity to win votes, and an affirmation by the national leadership of the need for the sizable Cebuano voting bloc to be represented in the halls of the Senate.**

/13104

CSO: 4200/435

CEBU EDITORIAL WARNS AGAINST 'MISUSE' OF PEOPLE POWER

Cebu City SUN STAR DAILY in English 21 Feb 87 p 5

[Editorial: "Misuse of 'People Power'"]

[Text] The words "people power" were minted during the 1986 February revolution. Like all other words that fly on the wings of faddish usage, "people power" have become trite much too soon. A cliché, they can make many of us squirm, especially when spoken by those who profited from the revolution without contributing anything to it.

The exercise itself has been abused. We saw elected officials use it when they were replaced by OICs. Now we see OICs flexing its muscle as they face the ax of dismissal.

There is abuse, as well as impropriety, in the application of the words "people power" to an act which is orchestrated, not spontaneous, and does not serve public interests, but the private weal of the person putting it up.

The "people power" we witness nowadays does not flow from the people. In fact, if one examines the phenomenon of EDSA, one sees a chemistry that is difficult to produce, a blending of elements that may no longer occur again.

People power, disturbingly, is sometimes used to commit an illegal act. Lands are being occupied with the force of synthetic people power. Takeover of other properties or assertion of privileges under similar form of coercion may not be far behind.

Misuse of the words "people power" can be tolerated; after all, few can stop misuse and abuse in language. But government authorities should not allow illegal acts to be committed under the guise of people power.

/13104

CSO: 4200/435

# VISAYAS REGIONAL NEGOTIATOR ON STALLING OF PEACE TALKS

Cebu City SUN STAR DAILY in English 21 Feb 87 pp 1, 2

[Text] Central Visayas regional peace negotiator Msg. Jose Borces yesterday said he will first get from the National Government a concrete program which will be offered to local rebels before he will initiate contacts for a peace dialog here.

"I need to know first what the Government can offer before I will talk to them," Borces said in an interview with Sun\*Star Daily.

Borces and Bacolod city Archbishop Antonio Fortich, were named regional peace negotiators by COA chairman Teofisto Guingona when the Government revealed its plan to regionalize the peace dialogs with communist rebels after the national peace dialogs collapsed prior to the end of the ceasefire agreement last Feb. 8.

Among the programs which Borces said he will want concretized are the rehabilitation and employment program intended for the rebels.

## HOPEFUL

Borces said he will also find out from the Government the areas covered by the land reform program and its implementing guidelines.

Admitting that the death of rebel negotiator Jovito Plaza will affect the efforts to reopen talks here, Borces, however, expressed hope that "there might be some of them (rebels) who

will want to go back to normal life."

Borces said he received no feelers yet from any member of the local rebels' group for possible resumption of the aborted peace dialog.

Likewise, efforts to find out the circumstances surrounding Plaza's death initiated by the Visayas Secretariat for Social Action (Vissa), which Borces heads, remain in a standstill for lack of material evidence except those revealed in news reports gathered from interviews with military authorities here and press statements issued by the National Democratic Front (NDF)-Cebu chief negotiator Rustico Tan.

## SAD

Tan and sources close to NDF-Cebu, claimed Plaza was killed by a "military action agent," a certain Candido Ibonaldo Jr., who was a rebel recruit under Plaza.

Military, authorities, on the other hand, said Plaza was killed by a comrade who implemented "Operation Zombies," allegedly a communist purge of erring members.

Borces had expressed sadness over the resumption of violent incidents in the city. He said these things would not have occurred if the ceasefire is still in place.

Borces was reacting to reports of the recent killing of a policeman and a lady vendor allegedly from the hands of rebels.

"This is now the result of those who did not want the ceasefire. Who will now take care of the orphans, of the evacuees, if hostilities will resume," Borces lamented.

ELB

MINDANAO COMMISSION TAKES OVER CEBU NPA

Cebu City SUN STAR DAILY in English 21 Feb 87 pp 3, 19

[Text] Brig. Gen. Romulo L. Querubin, RUC 7 commander, yesterday said the communist Mindanao Commission has taken over the dissident operations in Cebu.

Querubin, in an interview with Sun\*Star Daily, revealed that personalities from the Mindanao Commission took over the Cebu leadership as it was found to be anemic and weak.

"This is part of the current leadership struggle in the communist movement where many will be executed to purge and purify the ranks but which will be blamed on the military," he said.

The top military official in the region disclosed that this development was uncovered recently by the intelligence community which is working 24 hours a day.

Querubin explained that the recent killings that happened in a span of 11 hours were perpetrated by the Mindanao Commission boys or at their instance.

The RUC 7 commander, in the same interview, assured the public that counter-insurgency operations are being intensified.

SPARROW UNIT

"A helicopter is on alert to shuttle reinforcements as we expect our troops to encounter the communist terrorists anytime," he said.

Meanwhile, a military patrol in Lagtang, Talisay, Cebu yesterday encountered a three-man sparrow unit reportedly led by a certain Rod Cabanero.

The sparrow men were spotted in front of the house of Baal Alcantara, another hitman. A brief exchange followed.

A three-year old boy was hit in the leg by the retreating communist terrorists. He was rushed to a nearby clinic and is now in safe condition.

Military vehicles passing the Pardo-Talisay vicinity to the south are also on alert after an intelligence report showed that the NPA Armed City Partisans Unit (ACPU) intends to attack them with handgrenades.

According to the intelligence report, the dissident groups will lob grenades at every passing military vehicle whenever a traffic jam occurs in the area.

/13104

CSO: 4200/435

SALAS, OTHERS ON CURRENT NPA STRENGTH, POLITICAL SUPPORT

Quezon City VERITAS in English 12-18 Feb 87 pp 18-20

[Article by Patricia Adversario]

[Text]

... should government and the military pursue the policy of an unjust peace, then we have no option but to resort to a policy of waging a just war. We want peace, but we are not afraid of war.

National Council  
National Democratic Front  
January 30

WITH that statement, the National Democratic Front formally withdrew from peace negotiations with the Aquino government, ending hopes that the NDF would resume negotiations and agree to an extension of the first preliminary 60-day truce in the 17-year old insurgency war.

Initially, both government and the NDF had agreed to suspend talks for security reasons last January 22. On that same day, 19 marchers belonging to the Kilusang Maghubukid ng Pilipinas (KMP) were killed during a violent dispersal of their demonstration at Mendiola Bridge near Malacañang.

The incident, said the NDF, made them realize the futility of pursuing the peace talks. In a statement released January 30 during burial rites for three of the slain marchers, the NDF said the Mendiola incident highlighted the extent of the government's intransigence vis-a-vis the NDF's agenda for a "just peace" which specially included the people's demand for "genuine land reform."

Government on the other hand insisted that it had submitted to the NDF panel a program for land reform for the other's consideration.

"Unfortunately," said GRP head Teofisto Guingona, "we were not able to comprehensively discuss this as events overtook us and they (the NDF) later withdrew from the talks." Government also said it had even been the first to put land reform as top priority, along with industrialization and justice as its agenda for discussion.

Last Jan. 29, NDF chief negotiator Satur Ocampo said hostilities between government and the insurgents would resume once the ceasefire expired on February 8. He gave the assurance that despite its withdrawal from the peacetalks, the insurgents would respect the ceasefire until its expiry date.

Days later, however, "On February 3, an enlisted man was killed and two others were wounded in an NPA ambush along the national highway between Orion and Limay in Bataan.

Then, barely two days before the end of the 60-day truce, about 250 armed men who the military said are believed to be NPA, killed a militiaman and burned 66 houses in two farm villages in Makilala, North Cotabato. One hour later, some 70 heavily-armed guerrillas attacked and burned an army detachment in Luna, Kalinga-Apayao killing five soldiers and wounding five others.

**M**EANWHILE, the military has also started girding for the collapse of the talks and the resumption of hostilities.

Shortly after the Armed Forces of the Philippines launched its "intensified civic action and civil relations program" during the truce period, Defense Chief Rafael M. Ileto said the military is in a better position now than it was after the February revolution because "we have trained our people, equipped them, improved our mobility and communication and all these factors that contribute to a better fighting capability."

He added that the ceasefire did not diminish the "vital role" of the soldier and the police and that "no serious military trade-off" resulted from the truce accord.

In a press conference held in a Manila suburb three months ago, a spokesman for the NPA who gave the name Ka Tito de la Paz, said the NPA has preserved its strength despite the rise of the new democratic space following the February revolution. National Democratic Front chief peace negotiator Satur Ocampo added that it is not true that the reformist hopes raised by the February revolution considerably diminished the appeal of the Leftist option. In fact, says Ocampo, "our organizations continue to expand."

Counterpointing Ileto, Salas in an interview with *Veritas* last December also claimed that the NDF is in a "better position" now to fight the NAFP for two reasons. One, it has maintained its mass organizations; two, even AFP Chief of Staff General Fidel Ramos has conceded that NPA armed troops have grown to about 20,000.

In case of an all-out war against the communist rebels, Salas even estimates that the Moro National Liberation Front and the NDF can seize "substantial strategic areas" in a year. "Even if the NAFP escalates war against the NPA, or doubles its force, they (the NAFP) cannot suppress us."

On February 5, the defense chief announced that the military would go after the insurgents once the ceasefire negotiations stopped. Such operations, Ileto said, "will be graduated, very gradual and will be applied in areas where there is no ceasefire."

On February 6, Gen. Fidel V. Ramos, New Armed Forces chief of staff, alerted all officers and men of the NAFP to "be ready to hit, and hit hard" when the ceasefire ended on February 8, Sunday noon.

The resumption of hostilities between the government and the communist insurgents, has roused curiosity over the NDF-CPP-NPA's armed capability vis-a-vis the armed forces of the NAFP.

The New People's Army is still at a "strategic defensive" stage, i.e. the New Armed Forces of the Philippines still enjoys relative military superiority over it. The next stage, called "strategic stalemate," shall have been reached when the armed ratio between the military and the rebel troops hits 10:1; the present ratio is still 20:1. In some regions, however, the NPA is already at "strategic stalemate," claims Rodolfo Salas, alleged former head of the Communist Party of the Philippines and commander-in-chief of the New People's Army, who was arrested September 28 last year and has since been detained in Camp Crame. Salas is also the NDF-designated third member of the NDF peace panel.

**H**ISTORY has shown that guerilla warfare is hard to suppress. Lessons drawn from the Huk rebellion in the Fifties have only strengthened the insurgency movement into the complex conflict that it is at present. While the Huk rebellion then was stronger (with a ratio of 1:3) Salas explains that the "armed force was centralized only in a few areas like Central Luzon, Bicol and Southern Luzon. There was no back-up force so that even if the movement was stronger then, it was easily suppressed."

Rather than confine the NPA's present strength in select areas of full control (guerilla bases) similar to what Salas calls China's "liberated independent regions," the NDF has deployed its forces and organizers even in areas where it has less than total influence or control for "wider ground." Even if the NPA has to leave the area - its agenda on political work and mass education (whose targets include the children), ensures that its organized mass support remains in place. Correspondingly, in reaction to the CPP-NPA-NDF's political and military actions, the AFP too, has to spread its forces as well as its effect.

This tactic, says Salas, was for pragmatic and realistic purposes as well. The AFP, says Salas, admittedly still enjoys military superiority over the NPA in the sense that the NPA is still not able to defend an entire province from an AFP assault. On the other hand, given the NPA's "wider maneuver," the AFP cannot now claim a province where it has entirely beaten the NPA. While the AFP can enter any territory, it cannot claim to have mass political support.

**"Ang nagyayari, hindi makapa ang NPA kung nasaan kasi ikot nang ikot," ["What's happening is that the NPA cannot be found or located by groping because they constantly change their hideouts,"] points out Salas.**

**T**HE growth and extent of NPA influence have been attributed to the organization's mass support.

The masses are the NPA's sustaining force. They support the Communist Party of the Philippines' armed force -- acting as its provider of food, clothing and shelter, its financier, information-gathering force, luring tactician and operation "cover" as well as the its means of transportation and communication. The NPA tied its armed capability to the "deep" support of the masses not only in terms of sympathy for the CPP-NPA cause but also in terms of active help and cooperation.

Col. Ismael Z. Villareal, assistant to the deputy chief of staff for operation (J-3) and chief of the joint operation center in Camp Aguinaldo, Quezon City, points out that the CPP employs a "strong and effective" political underground infrastructure at the grassroots level which mobilizes and organizes people for the revolutionary cause. This infrastructure is the foundation of communist revolutionary warfare.

Says Salas: "The military sees its strength in terms of arms, and number of men. Our military and armed capability is still inferior in terms of armed forces but this is multiplied many times over by popular support. Even with the enemy's (NAFP) materiel and numerical superiority, we can overwhelm them because we have the mass support."

Certain quarters however interpret the predominant "yes" vote in the recent plebiscite as a sign of the waning appeal or support for the Left. The government underscores the observation, saying that in view of the results of the plebiscite, the

indications are "clear that the people want peace. They want reforms and democratic processes, not revolution, not violence."

Other simply read this plebiscite result as indications of the government's own mass base support which a reformed military can also depend on.

There was a strong showing of the "yes" vote even in known bailiwicks of the communists: in the Bicol region, Panay Island, Negros Island, Samar and Central Luzon. In Bataan, which the NDF claims is under its control, "yes" won by 81 per cent.

In Barangay San Juan, Samal, Bataan, where the NPA displayed their armed might before the NDF negotiators last Dec. 11, "yes" won by 63 per cent as against "no"'s 37 per cent vote. This, in spite of NDF chief negotiator Satur Ocampo's repeated claims that the Charter does not reflect the aspirations of the majority of the Filipino people.

Salas says a big part of the NPA has already been "regularized" into platoons, companies and to some extent, battalions. Cadres tested in battle have mastered principles in guerilla warfare adapted to local conditions and have developed their own military tactics which are a "combination of mass mobilization and military actions."

He adds that even NPA armament is already comparable to the equipment of infantry battalions of the AFP unlike before where most arms were just homemade rifles. The NPA procures its armament through local sources either through combat operations in the field or through other means. Mainly it has built up its armament from the field, through "agaw-arms" operations.

AK-47s (Soviet firearms) carried by NPA men do not point to support from foreign countries, says Ocampo. "The country has been importing firearms officially or unofficially -- for years. As early as 1960, there were already AKs in this country. It is not a secret that many members of the AFP themselves engage in gun-trading and we have had a very good relationship with them in this respect."

The only way government can hope to wipe out the insurgency, says Villareal, is for government to match the CPP's effort: mobilize and organize the population in support of the Government's cause in the same manner that the CPP mobilizes and organizes people for the revolution.

In the end, the Government and the NAFP need to win the battle for the people's hearts and minds, a war whose goal would be to draw the disaffected back to the mainstream of national society and economy from which they have been alienated for years due to neglect.

PHILIPPINES

AFP ASKS CEBU NDF SPOKESMAN TO SURRENDER FOR OWN SAFETY

Cebu City SUN STAR DAILY in English 21 Feb 87 pp 3, 19

[Text] Communist National Democratic Front (NDF) spokesman Rustico Tan was asked yesterday to surrender to the military for his own good and safety.

The call was made by Maj. Bart Bagares RUC 7 spokesman, in an interview with Sun\*Star Daily at Camp Lapulapu.

"We have received confidential reports that Tan is the next target of liquidation by his own comrades," the military spokesman revealed.

Bagares explained that in desperation the Communists will kill their own spokesman this time in an effort to win sympathy and support to their cause.

"Like what happened to NPA leader Jovito Plaza who had already intended to surrender, Tan will also be executed in similar fashion which will also be blamed on the military," Bagares said.

PRAY

The RUC 7 spokesman added this process is known among the Maoists as "turning bad things into good

things."

According to Bagares, the Communists through their front organizations have already launched their propaganda to precondition the minds of the people in the event of Tan's death so that the military will be readily blamed.

"Tan would know how to get in touch with us so we can protect him. We call on him to pray and seek guidance from God so he may be able to see the truth," Bagares said.

Meanwhile, Pastor Alcover Jr., president of the National Movement for Freedom and Democracy (NMFDD) appealed to local members of the New People's Army (NPA) to surrender.

"Come out before it is too late as you will only be used as sacrificial lambs of the communist leaders," he said.

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CSO: 4200/435



## ASSASSINATION OF ANTICOMMUNIST LEADER REPORTED

Cebu City SUN STAR DAILY in English 23 Feb 87 pp 4, 23

[Text] A top leader of the anti-communist movement in Mindanao was reportedly executed recently by the Sparrow unit of the Communist-led New People's Army (NPA).

Pastor Alcover Jr., president of the National Movement for Freedom and Democracy (NMFD), identified the slain Communist leader as Glicerio Tubiano of Aurora, Zamboanga del Sur, president of the Preservation of Democratic Institutions of the Philippines (PDIP).

The death, however, could not be confirmed from official sources as of press time.

According to Alcover, Tubiano was shot with caliber .45 pistols by two hitmen while leaving a moviehouse.

"Even as he was already dead, the sparrow men continued to pepper his body with bullets and no human rights group has ever come out to denounce this killing," he said.

## MOTORCYCLE

The NMFD president, in a telephone interview, described Tubiano as a pioneer in the anti-communist struggle who organized rallies against the underground organization.

Meanwhile, a motorcycle reportedly used by a member of the NPA sparrow unit in Lagtang, Talisay has been traced to its owners, according to military sources.

Files in the Land Transportation Commission (LTC) said the vehicle, a blue Honda bearing plate number GA 9864 was registered in the name of the Sacred Heart Missionaries in San Francisco, Camotes islands.

Witnesses told the military a known sparrow unit member, whose identity is being held, is using this motorcycle and is often seen carrying a caliber .45 pistol and an Ingram machine pistol.

A motorcycle owned by the MSC order, the former congregation of National Democratic Front (NDF) Cebu spokesman Rustico Tan, was also used during the ceasefire period last month by two slain rebel security men.

## EXECUTED

The victims were killed in a shootout near a checkpoint in Lagtang, Talisay where a soldier was also killed.

The motorcycle-riding rebels were security aides of NPA negotiator Jovito Plaza who was himself shot dead early this month in the hinterland barangay of Bonbon.

The NDF said Plaza was killed by a "military action agent" but the military maintains that Plaza was executed on orders of party leaders who learned he allegedly planned to defect.

The assassin was later identified by Tan as Candido Ibonaldo Jr.

Military authorities fear that Ibonaldo has already been executed by the rebels to silence him.

The RUC 7 has urged Tan to surrender because of intelligence reports that he will be liquidated soon by his own comrades to provide a martyr and rallying point for local communists. LSE III

LEYTE PC REPORT 2 NPA KILLED BY VILLAGERS

Cebu City SUN STAR DAILY in English 22 Feb 87 pp 19, 18

[Text]

Two unidentified members of the New People's Army (NPA) were beheaded and shot dead while another escaped Wednesday night at Barangay Laray, Abuyog, 62 kilometers south of here.

This was reported by Leyte PC/INP commander and police superintendent Col. Ibarra Mariano.

Mariano identified the NPA killers as Nelson Quirikiri, 18 and his cousin Macario Quirikiri, 26, both married, of the farming village of Laray.

In an interview at the Leyte PC-INP provincial command headquarters in the presence of Leyte PC commander Mariano, the Quirikiris told the Philippines News Agency (PNA) they secretly went up the house while the feast was in progress.

They said the two rebels were eating, with their M-16 Armalite rifle and homemade shotgun stocked against the wall of the house, while the third rebel, who was unarmed, was in another table eating together with some village people.

Nelson said upon getting near the stocked firearms, he immediately grabbed the Armalite rifle firing point

blank at the two rebels emptying its magazine of bullets. The two rebels died on the spot.

However, the third managed to escape through a hole in the wall during the commotion that ensued. He was lost in the darkness.

Macario said he beheaded the two slain rebels and brought their severed heads to the Abuyog town hall after reporting the incident to the 43rd Infantry Battalion (IB) detachment.

They surrendered the NPAs homemade shotgun and M-16 Armalite rifle to the police authorities.

The Quirikiris told PNA they killed the NPAs because they could no longer stomach the hardships they brought because of the heavy taxation being levied on them.

The Lapay incident brought to four the NPAs killed, three of them beheaded by villagers since the 10-day ceasefire ended Feb. 8.

Last Feb. 12, two NPA tax collectors were killed, one of them beheaded by villagers of Barangay Tadoc, also of Abuyog, three kilometers away from Laray. (PNA)

/13104

CSO: 4200/435

PETITION URGES RETENTION OF CONTROVERSIAL CEBU COMMANDER

Cebu City SUN STAR DAILY in English 21 Feb 87 pp 3, 19

[Text] Some 152,000 signatures complete with addresses from all over Central Visayas have supported a resolution for the retention of Brig. Gen. Edgardo M. Abenina as Recom 7 Chief.

This was announced yesterday in a press conference called by the People's Alliance Against Communism (PAAC) through a committee known as the Abenina Retention Movement (ARM).

Jointly speaking for PAAC and ARM, dyLA radio commentator Cerge Remonde said that aside from their own resolution, civic and business leaders and municipal government have also expressed their support to Abenina.

"All these resolutions, including telegrams sent directly to President Aquino, Defense Secretary Rafael Ileto and NAFP Chief of Staff Gen. Fidel V. Ramos, signify that the people in the region do not agree with the ouster move initiated by the Cebu Provincial Government," PAAC secretary general and ARM coordinator Lindy Morrel said.

A WAKENED

PAAC executive board member Valeriano "Bobit" Avila said "this serves as evidence that we have an awakened citizenry who will not hesitate to counteract any undesirable move by any OIC."

Remonde, during the press conference held at the Chikaan restaurant, revealed that many private citizens pressured the alliance to adopt a resolution to oust the provincial government officials but refused to undertake such negative action.

He also made it clear that PAAC and ARM were not opposed to any dialog between Abenina and Gov. (OIC) Osmundo Rama as he expressed gratitude to all those who helped in securing the signatures.

"It is now clear that the people in Central Visayas do not favor the ouster of Gen. Abenina who has demonstrated extraordinary efficiency and dedication in combatting communist insurgency," Remonde said.

For his part, Avila challenged the communist front organizations such as Bayan, KMU, and AMA-Sugbo to come up with their own set of signatures against the Recom 7 Chief. LSE III

/13104

CSO: 4200/435

POLL SHOWS 'SUBSTANTIALLY GREATER' CRITICISM OF U.S.

Bangkok BANGKOK POST in English 26 Feb 87 p 2

[Text]

A RECENT survey measuring changes in attitudes toward policies of major trading partners showed substantially greater criticism of the United States, a university researcher said yesterday.

Of 200 people polled last month, 46.5 per cent named the United States when asked which country had most hurt Thailand's economy, said Sompong Dimichai of the Institute of Social Research at Chulalongkorn University.

Only 16.5 per cent of the same 200 people expressed that view when surveyed in 1977, he said.

The Government has strongly criticised recent US trade legislation, including the Farm Act, as harmful to the economy of a staunch US ally. The act subsidises US farmers in competition with Thai rice growers.

In last month's sur-

vey, 43 per cent identified Japan as the trade partner that had most damaged Thailand's economy. Another 4.5 per cent fingered the Soviet Union and two per cent blamed China. The remaining four per cent blamed "other countries."

The poll was conducted by the institute and *Matichon* newspaper.

Asked if Thailand should maintain economic and political ties with the United States, 55.5 per cent said it should not. This question did not appear in the 1977 survey.

Asked which country was most guilty of protectionist policies toward Thailand, 68 per cent said it was the United States, compared to 12 per cent 10 years ago.

Another 22.5 per cent named Japan, compared to 47 per cent a decade ago. — AP.

/13104

CSO: 4200/439

TRADE WITH VIETNAM DISCUSSED

Bangkok THE NATION in English 15 Mar 87 p 10

[Article by Kavi Chongkittavorn]

[Text]

**D**ESPITE the Asian countries' unfailing censure of Vietnam's occupation of Kampuchea and its unyielding grit, these countries, however, proved to be enthusiastic partners when it comes to doing business with Hanoi.

Countries like Japan, South Korea, and even some ASEAN countries, including Thailand, have in one way or another tried to penetrate the 60-million Vietnamese consumers. Given the basic differences of political viewpoints between Hanoi and Asian countries, most of the trading has been carried out discreetly.

Of importance are the agreements concluded recently between Vietnam and Nissho Iwai, a Japanese trading firm, to help Vietnam with development projects and Thailand's eagerness to resume the Bangkok-Ho Chi Minh City air route.

Nissho Iwai, which is the first Japanese company to set up an office in Hanoi, agreed to provide Vietnam with assistance in the development of agriculture, fisheries and new oilfields.

The Japanese trading company also plans to provide credits independently to Vietnam because the Japanese government halted the financial

assistance to Hanoi in 1978 as a result of the Vietnamese invasion of Kampuchea.

Vietnam also has shown keen interest to increase the economic cooperation with Japan despite the strong support of Tokyo to the ASEAN's position on the Kampuchean problem.

In January a Vietnamese delegation led by Deputy Minister of Transport and Communications Chan Van Lu discussed the possibility of buying about 30-50 old train carriages from Japan's National Railway Company.

According to a Jiji press report, the price is between US\$45,000-52,000, which is considerably high because of the modifications of these carriages to fit the Vietnamese railway-track gauge, which is narrower than Japan's.

However, the deal will depend on the financial package arranged by Nissho Iwai. The company has offered to purchase these carriages for Vietnam by offering a two-year payable credit to Hanoi. Officials of Nissho Iwai went to Hanoi to continue the negotiations, which resulted in the development agreement, but the final agreement was not reached because Hanoi wanted five to six years of credit.

Vietnam apparently wanted a longer credit term to make this purchase, which is essential to improve the land transportation networks between the impoverished North and affluent South. On the other hand, Nissho Iwai, according to an observer, is eager to make an in-road in Vietnam as many western countries such as Canada and France, among others, are now competing to win over the Vietnamese market.

The two countries are adjusting themselves toward the domestic environment. The strong Japanese yen has made investment in foreign countries and credit granting easier. Along with Nissho Iwai, other Japanese companies such as Mitsui, Mitsubishi, and Sumitomo are also ready to strike similar deals with Vietnam, as the economic reforms have taken precedent after the recent change in leadership there.

**T**HAILAND used to be very vocal in the past whenever there were contacts between Japan and Vietnam, especially in trade ties. More than once, the trade issue between the two countries was also featured in the Thai-Japanese discussion. Thailand feared that the better the Vietnamese economic condition gets, the tighter its grip on Kampuchea will be. In addition, should the extensive trade ties develop now, it would be untimely as ASEAN and other western countries continue to search for a political solution to the Kampuchean problem.

Of late, such reflection has faded somewhat mainly because of economic necessities. Thailand, the frontline state, has in recent months tried to establish trade through a barter system with Vietnam. The Thai private sector has agreed in principle recently to use the barter trade arrangement with senior officials from Ho Chi Minh City.

The plan that either Thai Airways International (THAI)

or Thai Airways Co Ltd (TAC) will be chosen to service the route to Ho Chi Minh City is a clear indication that Thailand wants to utilize this unique opportunity. It could very well be a major step to establish direct economic cooperation between the two countries.

Vietnam has agreed to the deal, but the Thai government still has to determine which airline will operate the route. Senior officials of THAI believed that the flight resumption, which was severed a decade ago, could proceed without any problems.

THAI Executive Vice President Chatrachai Bunya-Ananta said the resumption is justifiable because the present political atmosphere there has improved.

Given the Vietnamese government's desire to improve its economic condition, observers stressed that with the cooperation between Thailand and Vietnam both countries could develop a joint package tour — similar plans are being carried out with Singapore and Malaysia — to attract tourists, especially the Americans. Several hundred thousands of former US servicemen and their spouses are potential tourists to visit Ho Chi Minh City.

However, facilities inside Ho Chi Minh City alone would not be sufficient or attractive enough to lure potential travellers. A package tour with Hanoi and the major Thai cities of Bangkok and Chiang Mai would be a unique stop-over.

Whether such cooperation among two adversaries is feasible would very much depend on the attitude of their governments. With the urgent need to earn extra foreign exchange, Vietnam would be more than willing to cooperate with Thailand. In fact, Hanoi agreed to let a Thai airliner to fly the Bangkok-Ho Chi Minh route long ago but it is the Thai government which has not yet reached the decision on the matter.

The issue can drag on and it could delay the resumption of this flight. Although Thai aviation authorities were optimistic about the potential of the route, there is no guarantee that the government will give the green light to tap incoming tourists in the near future because political differences between Bangkok and Hanoi over the Kampuchean problem remain.

To be frank about it, the tourism cooperation between the two countries can be done without any difficulty. It is beneficial to both countries so far as foreign exchange is concerned. Furthermore, it is an area in which the two countries can start to do things together without trading charges or giving away concessions.

/13104

CSO: 4200/438

# NORWEGIAN FIRM TO GET STAKE IN GAS PROJECT

Bangkok BANGKOK POST in English 20 Mar 87 pp 11, 26

[Article by Boonsong Kositchotethana]

[Text] DEN Norske Stats Olieselskap (Statoil), the Norwegian national oil company, intends to take a stake of up to 30% in a future tie-up with the Thai Government on the multi-billion-baht development of Texas Pacific Thailand's gas fields in the southern Gulf of Thailand.

The message was conveyed to senior officials of the state-run Petroleum Authority of Thailand (PTT) by a top Statoil management team led by senior vice president Stig Bergseth during their brief visit to Bangkok last week.

PTT Governor Dr Tongchat Hongladaromp said Statoil has expressed "very keen interest" in participating in the development of the gas fields which the Government has been negotiating to buy from Texas Pacific Thailand, a unit of Dallas-based Texas Pacific Oil Co, at the cost of over US\$100 million.

Though the definite ratio of Statoil's investment in the development of the gas fields, principally the "B" Structure which is the country's single largest gas accumulation, has yet to be finalised, Dr Tongchat told the *Bangkok Post* that it is "substantial, say up to 30%."

He said the ratio is the directive given by Statoil's management in

Oslo and the preliminary proposal from Statoil is welcomed by the PTT.

Statoil's proposal is fuelled by a comprehensive study on the gas reserves in the "B" Structure which it carried out under an aid programme to the PTT with the confirmation of proven recoverable reserves of 1.8 trillion cubic feet.

The Statoil executives came here last week to personally confirm the existence of the substantial gas reserves and the "very good prospect" for the development of the gas fields.

The confirmation of the gas reserves figures, the same as estimated in 1981 by DeGolyer & MacNaughton, a reputable American energy consultant, and the joint venture proposal have bolstered the PTT's confidence in making the gas development effort, said Dr Tongchat.

Statoil's involvement is a "plus," because, for one thing, the Norwegians have the necessary technical capability to back

up the development programme, as well as sharing the risk with the PTT.

The PTT-Statoil tie-up is in the preliminary stage and unlikely to be finalised before the Government can conclude the deal with Texas Pacific. "Now we have to continue our talks with Texas Pacific first," Dr Tongchat said.

The next round of negotiations between the Government and Texas Pacific has yet to be scheduled by the committee chaired by Minister of the Prime Minister's Office Flt Lt Sulee Mahasanthana who is acting as the country's oil minister.

However, the negotiation with Texas Pacific is said to be in the final stage after the bilateral talks started a few years ago.

Texas Pacific offered to sell the gas field along with its entire concession blocks Nos. 14-17, where it had drilled 23 exploration wells, at the cost of about \$109 million, after talks, begun in 1977,



with the Government on the sale of its gas were stalemated.

Statoil is very likely to become a partner with the PTT in the development of the "B" and other gas fields in the concession. "From our viewpoint, Statoil is a very good partner from the very beginning because of their active involvements in (reserves and development) studies," said Dr Tongchat.

Asked about other potential partners, he said: "We don't know yet. There is no consideration on the matter. The choices of partners will depend on the circumstances."

The development of the gas fields will cost hundred millions of dollars, but he said he does not think the PTT will have any problem in finding financial resources for the project as it has been well in its long-term investment programme.

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CSO: 4200/439

FOREIGN MINISTRY SPOKESMAN CALLS HMONG GROUP 'GUERRILLAS'

Bangkok THE NATION in English 14 Mar 86 p 3

[Text] The group of over 500 Laotians, which the US said Thailand is trying to isolate, are not civilian refugees as the US has been led to believe but rightwing guerrillas resisting the rule of the Laotian Government, an official of the Thai Foreign Ministry clarified yesterday.

Deputy Spokesman Somphand Kokilanond rejected the accusation by Robert Funseth, acting director of the US State Department's Bureau of Refugee Programmes, that Thailand was barring US officials from visiting the group which has taken refuge in the country.

Funseth, speaking before a congressional subcommittee in Washington on Wednesday, said US officials wanted to determine if the Laotians were starving and in danger of being forced back across the border.

But Somphand said no official from the US or other governments had requested to see any particular group of Laotians. He said the group referred to by Funseth had been given adequate food, shelter and medicine.

Somphand told a weekly press conference that the Laotians were Hmongs fighting the Vientiane Government. He said Thai authorities disarmed the group which he said numbered 580 as it crossed the border into Nan Province recently.

"Thailand cannot allow (foreign) forces to fight on its soil," Somphand said.

He said Thailand had allowed them to stay in Mae Charim District of the province for humanitarian reasons.

He said the Interior Ministry would decide what to do with the group.

The Thai Government since July, 1985 started

a screening programme for Laotians who seek refuge in Thailand. Those who can provide valid claims for refugee status will be accepted into refugee camps. Those who cannot will have to wait for repatriation.

Meanwhile, Charoenchit na Songkhla, deputy interior permanent secretary for security, also rejected the accusation.

Charoenchit told reporters that the charge probably stemmed from a misunderstanding over Thai policy on refugees.

"The Thai Government has never tried to obstruct visits by American officials to Laotian refugees. And we have no policy to repatriate refugees against their will," he said.

He reiterated the Thai Government's policy that no anti-Vientiane resistance group will be allowed to use Thailand as a springboard for their activities.

"We don't want to damage our relations with Laos. If they (Laotian resistance groups) enter Thailand, they will be pushed back," he said.

Earlier, officials of the National Security Council and the Interior Ministry also said they had not received request from officials of the US or other countries to visit any particular group of Hmong Laotians along the Thai-Lao border.

Some Thai officials insisted that the anti-Vientiane Hmongs are not in Thai territory.

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CSO: 4200/438

THAILAND

THAI NATION PARTY SAID TO SUPPORT AMNESTY FOR 9 SEP COUP

Bangkok NAM THANG in Thai 2-8 Feb 87 pp 27, 28

[Unattributed report: "The Facts Concerning the Amnesty Act for the 9 September Rebels"]

[Text] After the previous coup attempt staged by the Young Turks failed and they were jailed at the Bang Khen Police Academy jail, many groups openly voiced support for them and made appeals on their behalf. Finally, just 28 days after the coup attempt, the government had to issue an amnesty act.

But the failed coup of 9 September 1985 involves a very different set of factors. One question is, Why is this matter so quiet today. Just after the coup, it was loudly announced that each of those who had helped suppress the coup would be granted a special gratuity of one step. But to date, more than a year after the event, nothing has been done. Everything is still very quiet as if the "senior people" are playing games.

Because everything is so quiet, many people think that if things are allowed to continue like this, this will just upset everyone. Thus, there are those who feel that the best thing would be to grant amnesty so that everyone can start anew even though this was the second time that they staged a rebellion. The movement to grant amnesty to the 9 September rebels has been very active.

But it seems that there is another power group that is trying to delay this. For example, around December 1986, when the atmosphere concerning the 9 September rebels was very intense, Special Branch police went and searched the home of Maj Rudi Kamonmat, the sister of Col Manun Rupkhachon, in an effort to find Commander Manat Rupkhachon. This operation by the powerholders temporarily brought the amnesty movement to a stop.

Many people think that when parliament convenes in April 1987, Col Prachak Sawangchit, a friend of Col Manun Rupkhachon, will submit a draft amnesty act for consideration by parliament. But unexpectedly, Mr Banhan Silapa-acha, the secretary general of the Thai Nation Party, told MPs that they should not submit this act to parliament at the present time. He said that the government is now quite stable and that there is nothing to worry about.

Many people were stunned by Mr Banhan's attitude. Because it is well known that the party that will submit this amnesty act in parliament is the Thai Nation Party, specifically, Col Prachak Sawangchit and Police Maj Gen Chamrat Mangkhlarat.

This role played by Mr Banhan Silapa-acha has left many people wondering "who gave the order." And unfortunately, this may have hurt the image Gen Prem Tinsulanon even though he may not have known anything about this. There is still no answer to the question of "who ordered" Mr Banhan to block the amnesty act. But someday, the question will be answered.

The fact is, Col Prachak Sawangchit has confirmed that 25 Thai Nation Party MPs have already signed the draft act to grant amnesty to the 9 September rebels. And it has already been approved by the chairman of the party's Legal Affairs Committee, Police Maj Gen Chamrat Mankhlarat. There is only one step left and that is to have it signed by the party leader. Because whenever a party submits an act to parliament, it must first be signed by the party leader.

On the evening of 23 January 1987 in the Regency Room of the Oriental Hotel, during the wedding reception of Col Phiraphong Sapphakphisut and Wina Sanikasuriya, Lady Saengduan Na Nakhon, Col Prachak Sawangchit, and several other Young Turks discussed this matter with Maj Gen Chatchai Chunhawan, the leader of the Thai Nation Party, who hosted the reception together with Lady Bunruan. After talking together, Maj Gen Chatchai laughed and said that "there is no problem."

That is the latest news about this political act. What is certain is that there are still several rounds to go in this fight. But it is believed that in the end, amnesty will be granted. Because the RTA CINC, Gen Chawalit Yongchaiyut, is aware of the great importance of this and is willing to take the risk of allowing former Young Turks to return to military duty. Besides this, Big George, Gen Sunthon Khongsomphong, met with Pa [Prem] at Ban Sisao shortly after Mr Banhan Silapa-acha issued this order. What was said at that meeting at Ban Sisao was that amnesty should be granted to the 9 September rebels in order to end the matter as gracefully as possible for all concerned.

11943

CSO: 4207/147

THAILAND

PAPER AGREES WITH CHAWALIT ON SAD STATE OF POLITICIANS

Bangkok DAILY NEWS in Thai 19 Feb 87 p 5

[Editorial: "The Laws Are Important, too"]

[Excerpts] At the end of last week, there were reports about statements made by soldiers about Thailand's politicians. In a speech given in Chiang Mai Province, Gen Chawalit Yongchaiyut, the RTA CINC, talked about the role and position of Thai political parties and politicians.

Gen Chawalit said that the test of whether Thailand is a democracy is not the constitution but rather how the politicians act and carry out their duties. He said that Thai politicians all want to become minister so that they can improve their financial position, which was damaged by the election campaign. Because as is known, candidates have to spend huge sums of money to win votes.

Because they have spent so much on their campaigns, the politicians turn into traders. The politicians who have spent so much money to win election also exhibit several other traits. For example, besides trying to make money to recover the money spent during the election, some people work to protect their interests and those of their friends.

It must be admitted that what the RTA CINC said about the political parties and politicians is generally true. Because there is clear evidence that huge sums of money are spent during elections even though there is a law to limit campaign expenditures. The winners are mostly wealthy financiers and merchants. It is difficult for people who have little money or who have only their political ideals to win election to the House of Representatives.

11943

CSO: 4207/147

SURIN PITSUWAN CRITIQUES CHAWALIT ON ISOC

Bangkok BANGKOK POST in English 16 Mar 86 p 4

["Reflections" column by Surin Pitsuwan]

[Text] AS a people aspiring to true democracy, we will occasionally have to experience intense political debates in order to re-evaluate our fundamental social values and re-examine our basic political assumptions. At times we must face very disturbing flaws in our own social body. At other times we are confronted with some painful revelations about the institutions that serve as the cornerstone of our body politic. Such is the nature of an open society. Such is the challenge becoming of a free people.

Fifty five years ago this June, the People's Party pledged their lives and sacred honour to the cause that promised freedom and prosperity for the entire Thai people. As a people, we have made our commitment to a parliamentary system of government. Every government since then has come and gone in the name of democracy and a brighter future. Every coup d'etat and every revolution was carried out with the promise that "a better democracy and a more effective system of government would be established."

Our people have been charmed by the odes of national glory. They have been wrongly inspired by the battle cry of national security. And for a long time they have been incited to submit to the paranoid of communist threat everywhere. Caution against extremism fell on deaf ears. In the end we won over the communist insurgents not by the force of guns, but by the realization that forgiveness and magnanimity are fundamental to our corporate survival.

We have been praised around the world for the success in our struggle against the oppressed who became armed rebels. We have welcomed them back as partners in the national development effort. They have been reintegrated into our society. We have felt the jubilation of victory.

It is sadly ironic to look back to that period. Conscientious politicians had lost their lives and careers trying to raise objections to the misconceived policy of confrontation and violence. Reason had given way to fear. Wisdom lost out to an obsession with simplistic security.

Now we are at it again. We have been told repeatedly that although the armed struggle against the communists is over, they have moved the battleground on to the political stage. We are being asked to surrender our freedom, honour and the principles that have been fundamental to our democratic system to a super agency called the Internal Security Operations Command (ISOC). The alledged shift from the rice fields and the forests to the political arena is meant to give the security establishment an excuse to continue its active role, indeed, its domination, over the nation's political process.

The implication is far reaching. As M.R. Kukrit Pramoj said last Wednesday, if successful, the revamped ISOC will completely change the system of government as we know it. This security agency will reach out to every corner of our society and meddle in all its affairs. Including the Parliament. It is like

a presidium or a politburo, said the Grand Guru of Soi Suan Plu.

That is very frightening indeed. Because that strikes at the heart of our individual freedom. It threatens our principle of check and balance. It damages the integrity and independence of our legislative branch. The policy-making role shall now rest with ISOC.

Maybe that is what was meant when the General said the Constitution was not important. It's the *policy* that mattered. And it is the policy of ISOC. Not the policy of the people.

In the final analysis, it is going to be the end of politics. Everything is planned, controlled, supervised and implemented according to the script. No more give and take. No more free exchange of ideas. No more freedom of thought.

It would be more appropriate to change the name of the agency too. It should be called the Internal Political Operations Command (IPOC).

There are those who treasure principles and decency. For without principles, policy is a mere reflection of short-sighted self interest. *Principles* do matter.

Politicians raise objections and caution against sudden changes not because they hold personal grudges against any individual, but because they see the need for the principles and foundations of democracy to evolve, no matter how painful it may be.

As Edmund Burke reflected on the upheaval of the French Revolution compared to the graceful calm of British democratic tradition: "In Paris, at the end of every vista, there is a gallow."

At the end of every revolution, there's destruction.

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CSO: 4200/439

## FINANCE MINISTRY SEEKS BOOST IN REVENUES

Bangkok BANGKOK POST in English 2 Mar 87 pp 13, 28

[Text] The Finance Ministry is to implement a package of measures aimed at offsetting the decline in revenue earnings experienced during the first four months of the current fiscal year, Finance Minister Suthee Singsaneh said at the weekend.

Dr Suthee said the ministry decided to implement the measures in response to indications the Government may face a serious revenue shortfall this fiscal year.

The minister said total earnings by the Revenue Department during the first four months was 7.89% (1,628.48 million baht) below target.

"The Finance Ministry is concerned because collections by the Revenue Department are the major source of revenue for the Government," Dr Suthee said.

He noted the collection of personal income tax alone was about 20.40% below target.

Also, the action by the commercial banks in reducing deposit rates has affected the tax levied on interest. This has been compounded by the move by many depositors away from the commercial banks to other markets which has "severely affected the Revenue Department's collection," Dr Suthee said.

The collection of corporate and business taxes has also fallen well below target.

"This is because the country's economy is still in the recovery stage, so the performance of business firms is still not so good, although it will improve soon," he said.

He said he had held talks with Revenue Department Director-General Pandit Bunyapana to discuss measures meant to shore up its revenue earnings.

"The measures will adjust certain tax rates to boost the Revenue Department's revenue, although it is not an adjustment in the tax structure," Dr Suthee stressed.

He described the measures as only slight and assured they would not affect or increase the burden on taxpayers.

He also affirmed that the Government would not adjust its revenue collection target of 185,000 million baht.

Meanwhile, Permanent Secretary for Fi-

nance Panas Simasathien said he was optimistic the collection of tax on interest would increase in the future.

Dr Panas said the collection of corporate tax would also improve soon.

"Business firms were severely affected by the baht devaluation on November 5, 1984, although most have now written off the damage and are in the recovery stage," he said.

Although the Revenue Department's revenue collection is unfavourable, Dr Panas said the Finance Ministry expected healthy earnings from the Customs and Excise Departments.

An informed Finance Ministry source said the poor performance of the Revenue Department during the first four months of the fiscal year meant the ministry now expected total collections by year end to fall 6,000-7,000 million baht below the 73,650 million baht target.

"However, the ministry expects the Customs



Department's collections to be 1,200 million baht higher than the target of 34,650 million baht," he said.

The Customs Department exceeded the target for the first four months by 800 million baht, so "it should be no problem for it to meet the new target," the source added.

The source said the Finance Ministry had also raised the Excise Department's collection target as revenue from the oil tax would be higher this fiscal year and its earnings from the liquor industry would be the same as projected.

The department's original target was 52,850 million baht, although it has now adjusted this upward to 54,350 million baht, a 1,500 million baht increase.

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CSO: 4200/439

## FOREIGN RESERVES EXPECTED TO INCREASE

Bangkok BANGKOK POST in English 3 Mar 87 pp 12, 28

[Text] Thailand's international economic performance is so favourable there is a real possibility foreign reserves will increase to US\$5,000 million this year, the highest figure in the country's history, a banking source told the BANGKOK POST yesterday.

He said that if the capital inflow kept growing at the current rate, the country's foreign reserves could easily increase to US\$5,000 million or 129,000 million baht.

According to the Bank of Thailand, the foreign reserves at the end of December last year amounted to US\$3,770 million (about 97,200 million baht), and had jumped to US\$3,950 million by the end of January.

The source said the reserves were expected to have further increased to US\$4,200 million by the end of February, the first time they have been higher than US\$4 billion.

There are many reasons for the rapid growth of the reserves, the source said.

"The first is the country's favourable export performance in the first two months of the year which is expected to be good throughout the rest of the year," the source said.

In January, exports soared by 11.6% over the same month last year to 20,500 million baht.

The local interest rate is also high when compared with the rate offered by the world's major money markets.

"The higher rate also encourages the inflow of capital," he noted.

The source said the investment climate was very favourable.

Japanese investors keep on saying they will relocate their investments to Thailand, "although not all Japanese investors would invest here, but some will do so and they will bring in foreign exchange", he said.

Besides the Japanese, other international investors are also seriously considering investing here.

Moreover, he said there were the indirect investments by foreigners, particularly in the stock market.

"The price of stocks in the Securities Exchange of Thailand when compared to the average yield are still lower than the price levels of other markets, and that is very attractive for foreign investors," the source said.

He also said some investors had invested in real estate as they found property prices in Thailand quite low.

However, when contacted by the *Post*, a senior central banker said she did not think the country's foreign reserves would go up to US\$5 billion. "It may be too high to achieve this year," she added.

"Normally, the central bank will count the reserves in term of imports.

"If they equal the value of imports in three months, it is average; if lower, the country's international economy is not so good but, if the reserves equal four-five months worth of imports, it is excellent," she said.

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CSO: 4200/439

## STATE FIRMS FACE SUSPENSION OF LOCAL LOANS FOR FOREIGN DEBTS

Bangkok BANGKOK POST in English 6 Mar 87 pp 13, 15

[Text] The Cabinet has approved the External Debt Policy Committee proposal to suspend state enterprise plans to borrow domestic loans for refinancing foreign debts.

The Cabinet also approved a plan to acquire US\$951.1 million in foreign loans this fiscal year and allowed the borrowings of the Industrial Finance Corporation of Thailand not to be under the external debt ceiling of the Government.

An informed Cabinet source told the *Bangkok Post* yesterday that the committee had reported that several state enterprises' refinancing schemes mobilising domestic loans may affect the country's foreign reserves and the local interest rate.

However, the committee agreed that the state enterprises would avoid exchange risks by mobilising baht loans.

"Therefore, a certain policy should be implemented to maintain the country's foreign reserves and to stabilise the baht and the local interest rate," the committee said in its report to the Cabinet meeting on Tuesday.

It recommended that the Cabinet might allow state enterprises which are not necessary to import materials or foreign assistance to implement refinancing using baht loans.

"However, as this is a very important policy

with a wide effect on the country's economy, the committee, therefore, proposed to suspend refinancing using baht loans and set up a sub-committee to study pros and cons of such refinancing. The study must be completed within a month," the committee said in its proposal, which has been approved.

National Economic and Social Development Board Secretary-General Snoh Unakul also recommended that the sub-committee study three levels:

- Reserve management, exchange composition and exchange management.
- Debt management.
- Financial positions of all state enterprises and government agencies to uncover the stocks and flow of all currencies.

Regarding the IFCT's external borrowings, the committee decided the corporation was established under a special law. The Government's borrowing regulations implemented in 1985 state that the Government's borrowings cover all borrowings, either guaranteed or not guaranteed by the Government, of government agencies and state enterprises from both domestic

and external sources, but this does not include loans borrowed by state enterprises for working capital.

### BORROWING

"Under the regulations and the status of IFCT, its borrowing should not be counted as part of the Government's borrowing," the committee said.

The Cabinet agreed IFCT's borrowings since this fiscal year onwards would not be counted as part of the Government's borrowings. However, it is still required to seek prior approval from the committee to borrow foreign loans.

Regarding the external borrowing this fiscal year, the Cabinet allowed 23 projects to acquire US\$951.1 million as follows:

- Thai Airways International's plan to purchase its fifth and sixth A300-600 Airbuses with loans worth US\$116 million from the money market.
- Thai Airways Co's plan to buy its second A310-200 Airbus with a loan worth \$49.8 million from the money market.
- The Port Authority of Thailand's Laem Cha-

bang deep-sea port project worth \$75.7 million (yen loan).

● The Telephone Organisation of Thailand's five-year development project worth \$67.9 million (French Government and money market).

● The State Railways of Thailand's traffic light system development project worth \$32 million (Australian Government).

● SRT's plan to acquire 17 air-conditioned passenger trains worth \$6.6 million (French Government).

● SRT's plan to buy 14 air-conditioned passenger trains worth \$6.6 million (Japanese Government).

● SRT's project to increase efficiency valued at \$13 million (World Bank).

● The Harbour Department's project to buy three dredges worth \$6 million (West German Government).

● The Communications Authority of Thailand's development programme valued at \$10.3 million (money market).

● TOT's five-year development project valued at \$70.3 million (Japanese Government and money market).

● The Electricity Generation Authority of Thailand's second Khanom steam-power

electric plant project worth \$70.2 million

(Japanese Government, money market).

● EGAT's ninth Mae Moh power plant with \$99 million from the money market and \$38.4 million from the Asian Development Bank.

● EGAT's eighth Mae Moh power plant (part of the construction) worth \$25.5 million (money market).

● The Provincial Electricity Authority's parts of sales system improvement valued at \$52 million (Japanese Government).

● EGAT's sixth phase expansion project valued at \$3.4 million (money market).

● Bangchak Petroleum Co's project to improve its Bangchak refinery plant worth \$44 million (money market and Japanese Government).

● The Provincial Waterworks Authority's Udon Thani waterworks system worth \$8.4 million (West German Government).

● The Public Works Department's project to solve water shortage problems valued at \$17 million (Japanese Government).

● The National Housing Authority's third phase project worth \$21.8 million (World Bank).

● The Bank for Agriculture and Agricultural Cooperatives' long-term farm credit project valued at \$22.2 million (Japanese Government).

● The Livestock Department's animal disease prevention project worth \$14.5 million (French Government).

● The Defence Ministry's defence project worth \$80.5 million (US Government).

## PROJECTS

The committee also set seven projects needing combined loans of \$188.2 million as the second priority and seven others wanting \$277.5 million as the third priority.

As the exchange rates are very volatile, the committee, therefore, recommended that there should be a method to reduce the Government's risk of acquiring external loans.

Forward covering was recommended, however, the committee would also study other alternatives.

As the ADB has added a 0.5% variable spread on to its loan interest rate, thus increasing the burden on borrowers, with the rate of the additional charge being revised every six months, the committee, therefore, decided that ADB loans would cause trouble to EGAT's ninth Mae Moh power plant because of the variable costs.

"The project may borrow from other sources to replace the ADB loan. However, the committee will consider this subject later," it said in its report.

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CSO: 4200/439

THAILAND

FINANCE MINISTRY MANAGEMENT OF DEBT ISSUE DESCRIBED

Bangkok NAEO NA in Thai 19 Feb 87 pp 7, 10

[Unattributed report: "Finance Ministry Asks To Defer 7 Billion Bank of Thailand Debt, Tries To Do Things Outside the Budget, Afraid of Showing Huge Loan Sum"]

[Excerpt] A report from the Ministry of Finance informed NAEO NA that the Ministry of Finance has begun discussing things with the national bank in order to issue new 5-year bonds carrying a rate of interest equal to current market rates. This will replace the old high-yield bonds totalling 3 billion baht that will mature this June.

This is the second time that this has been done in fiscal year 1987. The first time was in November, when bonds worth 4 billion baht were called. It is expected that this will be the last time this year for a total of 7 billion baht.

As for the old bonds that will be retired with a new issue of bonds carrying a lower rate of interest, it is not necessary to pay cash both times. This concerns only the bonds held by the national bank, not those held by the people. In the case of the bonds held by people and financial institutions that carry an interest rate of 12-14 percent, the minister of finance ordered that the matter be reviewed and that preparations be made for calling the bonds before maturity in order to reduce the amount of interest paid. A news source said that after many complaints were received, and not just from the national bank, the Ministry of Finance began to waver. It is not known what the minister will decide to do. The amount of bonds and the effects are still being studied. Extending the term of the old bonds by issuing new bonds carrying a lower rate of interest would help relieve the pressure on the ministry to call the bonds before maturity.

In fiscal 1987, the government has a budget deficit. The target for borrowing money to cover the deficit was set at only 56 billion baht. However, actual figures show that it will be necessary to borrow 63 billion baht to cover the deficit. The Ministry of Finance is trying to conceal the additional 7 billion baht by replacing the old high-yield bonds held by the national bank with a new issue of bonds of lower yield. This is an accounting dodge.

Something else that will be done is to issue a new promissory note to the Government Savings Bank. This new promissory note will carry a lower rate of

interest that the old one. With respect to the national bank, the actions taken are aimed at reducing the government's debt servicing burden.

The news source said that it is expected that public sector tax collections and revenues will hit the target this year after failing to hit the target for the past 4-5 years, which made it necessary to adjust revenue targets and reduce expenditures. This year, revenues are expected to reach 185 billion baht according to the plan. During the first quarter of the fiscal year, everything went as expected. The same was true during the first month of the second quarter.

One factor is that the the Hong Liquor Company must pay a franchise fee to the Excise Department as usual. Payments must not be irregular as at present.

But even if problems arise later on, such as the Hong Thong Company failing to pay the franchise fee on time, and buget revenues for the entire year are below the target, the amount below target will not exceed 1 billion baht.

"Today, it can be said that the era of zero growth is over. The Ministry of Finance will allow reasonable and efficient budget expenditures. Expenditures must be worthwhile. Expenditures will be analyzed based on each ministry's budget to ensure that things are carried out as stipulated," said the news source.

Mr Suthi Singsane, the minsiter of finance, spoke about the reports that the Ministry of Finance will call the bonds held by the people before they reach maturity. He said that he did not order ministry units to study this matter. Because if the bonds are called, this will have a great effect on the people who hold government bonds. It will soon be time to prepare the 1988 budget. The debt servicing budget exceeds the expenditure budget. The government wants to increase the investment budget in order to speed up economic growth.

During the past 2-3 years, the public sector's debt servicing budget has increased greatly. Approximately 50-60 billion baht has been borrowed domestically. When the money was borrowed, the interest rate was above 10 percent. These bonds will mature in the next several years. This presents a problem in managing public-sector borrowing. In preparing the 1988 budget, an effort will be made to prevent the debt servicing budget from becomong a problem again. The Ministry of Finance will call only bonds held by the national bank. When bonds mature, new bonds carrying a lower yield will be issued.

In the past, the state enterprises borrowed mainly from foreign sources without considering the risk from exchange rates. But during the past 1-2 years, the monetary situation abroad has changed, and this has affected the debt servicing budgets of the state enterprises. Because of the financial liquidity in the country and the lower interest rates, some state enterprises have begun borrowing more from domestic sources. Thus, the structure of state enterprise financial management has switched from borrowing from foreign sources to borrowing more from domestic sources.

Mr Suthi said that if money is borrowed domestically to pay off foreign debts, this will have the beneficial effect of reducing the foreign loan debt servicing burden. However, this will reduce reserves and pose a problem for managing the public sector's foreign loans.

## LEADING ACADEMIC: NESDB SHOULD DROP SHORT-TERM ROLE

Bangkok THE NATION in English 14 Mar 86 pp 1, 2

[Text] THE National Economic and Social Development Board (NESDB), the country's central planning agency, should reduce its role in solving immediate problems and shift its task to its main responsibility — laying down long-term plans, a leading academic says.

Dr Tinnapan Nakata, in a proposal submitted to today's workshop on Economic and Social Development Management organized by the Thailand Development Research Institute (TDRI), suggests that the NESDB should also cut down on its role serving as the secretariat to various *ad hoc* committees set up for specific purposes, such as the Joint Public-Private Sector Consultative Committee (JPPCC).

The paper suggests that the NESDB should instead be assigned the main role to evaluate the various investment projects in the government sector "because recently, the government has resorted to the practice of forming *ad hoc* committees to consider certain investment projects to duplicate the task of the NESDB."

The formation of the Eastern Seaboard Committee was cited as a case in point.

Dr Tinnapan says in the recommendations in his research findings on the role of the NESDB that the five-year development

plans may no longer be an adequate framework for government investment since they tend to be overshadowed by immediate problems while lacking in specific characteristics that could help implement projects in a systematic way.

"Therefore, there should be less formal mechanism so that the public sector investment projects and annual budgets could be linked up with national development plans," he says.

He warns that the NESDB, while working out annual and sectoral development plans, should not lose sight on the importance of "contingency plans" due to the highly volatile world economic conditions.

Dr Tinnapan also expresses concern over the "brain drain" that has plagued the national economic and social planning agency. He urges the NESDB to build up expertise and incentives to attract more capable personnel at the senior and middle levels to boost the organization.

"The NESDB should also try to shift its concentration to building up its capability in compiling and analysing projects offering recommendations and options in a straightforward way rather than stepping out to support or implement a particular project," the paper says.

The paper is to be presented to the two-day workshop at Pattaya.

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## ACADEMICS WANT NESDB, FISCAL POLICY OFFICE CHANGES

Bangkok THE NATION in English 15 Mar 87 p 2

[Text] PATTAYA — Leading academics said yesterday that the NESDB and the Fiscal Policy Office will have to review their roles to return to their basic task of formulating long-term policy options instead of being involved in short-term piecemeal assignments.

The Budget Bureau, serving as the "policeman" for the government in budget controls, must be able to exercise its mandate and courage in the form of eliminating major projects which prove unfeasible. Some of these large-scale expensive projects have been drawn up and included in the budget but, despite criticism against them, the government has not gathered sufficient political will to delete them from the national scheme of things.

These were some of the conclusions summed up by Dr Phaichitr Uathavikul, adviser to a proposed research project on "Management of Economic and Social Development" of the Thailand Development Research Institute (TDRI) which organized the two-day brainstorming session beginning yesterday at Siam Bay View Hotel here. About 40 leading academics took part in the discussions of papers proposed for debate.

Dr Voradej Chandarasorn submitted a research paper on the role and direction of the Fiscal Policy Office under the Finance Ministry. He suggests that the FPO should shed some of its operational activities and concentrate instead on its basic role as a consultative body for the finance minister on technical policy options instead of getting involved in other practical, immediate issues.

As a result, the FPO has suffered from a heavy workload, lack of a clear direction and mismanagement of human resources. Dr Phaichitr, summing up the proposed changes, backed the analysis and recommendations, adding that it is vital for the FPO to review its role in this regard to make the full use of its personnel.

Dr Tinnapan Nakata presented his analysis of the role of the Office of the National Economic and Social Development Board (NESDB) which he said would have to cut down on its activities related to short-term issues so that the agency

could seriously and more effectively lay down long-term plans for the country's development--a task which is not being undertaken by any other government agency at the moment.

Dr Phaichitr, in support of the proposal, told the conference that the NESDB should also build up its expertise and personnel in specialized areas so that it could really fulfil its role as the country's central planning agency.

During the discussions, Amaret Sila-On of Siam Cement Group lamented the inability to introduce real modern economic management style in the public sector in this country and he attributed it to the deep-rooted Thai culture which he said had resulted in the lack of a proper and professional evaluation system "because nobody wants anybody else to lose face if a real professional evaluation system is applied."

The weakness in the Thai culture, he added, also has made it impossible to cut down on redundancies in the state enterprises and government agencies.

"For example, we may find that in some state enterprises, the personnel could be cut down by 40 per cent to cut costs and enhance efficiency but no senior officials with the authority to do so would take such drastic action for the very same reason," he said.

Dr Chaipayat Wibulsawasdi, director of the research department of the central bank, told the meeting that the setting up of a large number of ad hoc committees to serve specific projects had resulted in the nomination of senior officials from various government agencies to undertake the tasks. As a result, the question arises as to whether these officials could really devote time and energy to their actual jobs at their own agencies in the first place.

Dr Phaichitr told the meeting that such bureaucratic setbacks and deep-rooted issues had been hampering the country's economic development management for a long time and it is time that the nation tackled the problem seriously in practice.

"We must have debated these issues for 30 years and the same kind of topics have been repeated over and over again but talks alone won't solve the problem. Something serious must be done about it," he concluded.



## PROFITS FROM GOVERNMENT RICE EXPORT DEAL PROBED

Bangkok THE NATION in English 24 Feb 87 p 25

[Article by Peter Mytri Ungphakorn]

[Text]

IT is now clear that the immediate beneficiaries of Commerce Ministry rice export deals concluded in the past few weeks are Thailand's top three rice exporters: Hong Yiah Seng, Soon Hua Seng and Capital Rice.

The method employed is intricate and ingenious. Whether domestic rice and paddy prices have benefited to the extent claimed by the ministry is a matter of dispute. Whether the government is even exporting the rice itself is in some cases open to interpretation.

In general some of the government's statements about the deals could be described as "highly interpretive." The larger of the two deals, which together come to 400,000 tonnes, is officially called an "export deal" with the Commerce Ministry selling to a "European" broker. The buyer turns out to be a Thai firm: Rotterdam-based Agricultural Trading Company (Atraco) BV, a subsidiary of the STC Group which is dominated by Capital Rice and Sang Thai Bangkok.

This puts into question the ministry's claim that when it was first approached by the "European" broker it was unaware of Capital Rice's

involvement. Who, for example, acted on Atraco's behalf when negotiating the deal? Was it Vorapong Pichpongso of Capital Rice himself or was it all done by telex? The ministry says Vorapong had nothing to do with it.

Last week Deputy Prime Minister Sontee Boonyachai, chairman of the government's Rice Policy and Measures Committee, refused to answer reporters' questions on the deals. All he would do was to make a cryptic comment: "Don't confuse the two issues."

Presumably Admiral Sontee was referring to the question of whether Capital Rice and Hong Yiah Seng were simply transferring to the government loss-making deals earlier concluded to supply rice to Iran, and the separate fact that the two exporters are the only two exporters named in one government document ordering some of the rice to be loaded on a ship bound for Iran.

In some respects the two issues are indeed separate, and if that is what Sontee meant, then he was right.

But if so, Sontee missed the point of the document, and at first so did many others, including some people at *The Nation*. But then journalists are not experts in rice trading.

Commerce Ministry officials are experts in the field, and members of the rice committee are supposed to be. If the government had been more open about what was happening, then much of the confusion could have been avoided.

The point of the document was that it was the first official confirmation that Atraco/Capital Rice was *buying* the rice and that the rice was bound for Iran. It added weight to something the Thai rice trade had been convinced of all along, and which Iranian sources have since confirmed: that the Commerce Ministry's deal to supply 250,000 tonnes to a "European" broker originates in the deals concluded earlier by Capital Rice and Hong Yiah Seng.

The Commerce Ministry was knowingly or unknowingly covering trading losses the two exporters would have suffered as a result of their own miscalculations about the way the rice market would move in the first weeks of the year. Why else would a Thai exporter buy rice "exported" by the Thai Commerce Ministry?

But the whole set-up is more complicated than that. Crudely, the major exporters have been buying rice on the

Thai market at market prices, selling it at high prices to the government, and buying it back cheaply in order to supply their foreign importing customers. The profits involved could be enormous.

That crude picture has to be put into context. Thai exporters are not the only people supplying rice expensively to their government and taking it back cheaply. Farmers in the United States are doing exactly the same on a much larger scale, with much greater margins and at much greater expense. That is how the Food Security Act managed to halve US rice export prices.

The cost to the US taxpayer is about 26,000 million baht per year. The Thai Commerce Ministry has a budget of 300 million baht this year for the purpose. That is the scale of the subsidy war on the battlefields of the world's rice markets.

The crude picture also needs filling in. Easiest to assess are the gains accruing the Vorapong Pichongsa's Capital Rice Co Ltd. Some details still remain unclear, and whether all these gains were calculated in advance is open to conjecture.

There are at least three stages of the process providing gains for Capital Rice from the 250,000-tonne high grade 100% B rice deal mainly for sale to Iran:

- Ruscue from speculative trading losses. Capital Rice and Hong Yiah Seng agreed, apparently in December, to supply some or all of the rice to Iran at about US\$171 FOB per tonne. (Some reports say Capital Rice was selling at \$173 and Hong Yiah Seng at \$170.) Prices in Thailand then rose unexpectedly and the two exporters would have had to buy up the rice at a loss in order to supply Iran under the deal. The Commerce Ministry is now the official "exporter." But miscalculations of market trends are a normal part of commodity trading where profits and losses have to be evened out over the long run.

- In Capital Rice's case, that trading loss has actually been turned into gain because Capital Rice in buying the rice through its subsidiary, Atraco, from the government at \$171 per tonne and reportedly selling it to Iran at \$173 per tonne. The size of Capital Rice's share of the deal is not clear. Reports vary between 60,000 and 90,000 tonnes, which would give an overall margin of \$120,000 to \$180,000 (between about 3.1 and 4.7 million baht), but Hong Yiah Seng's overall loss could also be in that region and it is likely the two companies agreed to even out the profits and losses between them.

- Under a separate and less selective method, Capital Rice is one of a number of exporters supplying the rice to the Commerce Ministry at prices above market levels — the Commerce Ministry only buys its rice from exporters. All these exporters profited because they could buy the rice at lower prices on the Bangkok wholesale market. But the three largest, Hong Yiah Seng, Soon Hua Seng and Capital Rice, have been by far the largest suppliers for the Commerce Ministry, since they fulfilled the ministry's requirements for holding stocks and for past export performance.

In five purchases, on December 24, January 5, 19 and 30 and February 11, the Commerce Ministry bought 200,000 tonnes of 100% B grade rice from about 60 exporters. But more than one-third came from the three largest exporters who accounted for 34 per cent of all private exports last year. The proportions roughly match.

There is also a fourth possible route for Capital Rice to earn extra profits from the Commerce Ministry sales. It now appears likely that the original deals for Iran did not come to the full 250,000 tonnes. An Iranian source says Capital Rice and Hong Yiah Seng were only committed to sell about 200,000 tonnes. Vorapong has also said he is buying more

rice through the 250,000-tonne deal than was originally committed, and that he has to use some of it to earn speculative profit.

If world market prices continue to rise, then Capital Rice (with or without Hong Yiah Seng) could sell the remainder at a higher price than the \$171 at which its subsidiary, Atraco, is buying the rice from the ministry. The Iranian source has not ruled out the possibility of further Iranian purchases.

For Prachai Leowphairatana's Hong Yiah Seng, the benefits are not so easy to assess, mainly because there is no information on the arrangement between Hong Yiah Seng and Capital Rice for the transfer of the Iranian deals through Atraco to the Commerce Ministry.

But at least Hong Yiah Seng's prospective trading loss from the original Iranian deal has been reduced or eliminated by the transfer.

Soon Hua Seng's gain is more complex. Kitti Damnenchanvanit's company is linked to the other major export deal, this one for 150,000 tonnes of a mixture of grades of rice. In one official document, the buyer is identified as Land Produce Co Ltd of Hong Kong, an affiliate of the Soon Hua Seng group, acting on behalf of Naracoopa Ltd.

Thai trade sources are unable to place Naracoopa, but there have been suggestions that it could be a company based in West Africa that works for Soon Hua Seng. If that is true, then Commerce Ministry claims that the 150,000 tonnes is being sold to a European company are even more "highly interpretive."

There are indications that part of the 150,000 is a deal Soon Hua Seng earlier concluded with Peru, but so far there has only been confirmation of a shipment bound for Lome in Togo. Much of the 150,000 tonnes could be uncommitted. Soon Hua Seng's trading style includes loading up ships and "floating" them off the African coast in search of buyers. The Togo shipment is to be "floated" in this way.

At the very least, Soon Hua Seng appears to have joined Capital Rice and Hong Yiah Seng in gaining access to a supply of lower priced Thai rice.

But that supply is limited by the government's 300 million baht budget for covering the Commerce Ministry's "trading costs." The indications are that the budget is now all committed and therefore other exporters are not going to be able to buy rice cheaply from the ministry, even if they will continue to supply rice to the ministry at higher prices in order to fulfil the government's "export" commitments.

The government's costs in these deals as well as other more conventional government-to-government deals are still unknown mainly because much of the rice remains unbought. Delivery commitments range over a period of months ahead.

But based on the prices of its purchases since December 24, estimates of costs for storage, sacks, stevedoring and other forms of handling, and what is known of the prices at which the ministry is selling the rice, costs for the 250,000-tonne Iran deal could be anything between 40 and 103 million baht (official sources suggest 80 to 90 million baht) and for a 200,000-tonne deal to sell to China they could be 200 million baht.

That would account for most or all of the 300 million baht available. The ministry could reduce the costs, but to do so it would have to start buying at lower prices — which would defeat the purpose of the exercise, the lifting of Thai domestic prices.

Unless the 300 million baht budget is expanded, other exporters will probably not be able to enjoy access to supplies of cheap Thai rice through the Commerce Ministry, which means that this form of assistance to the export trade is selective, favouring only Hong Yiah Seng and Capital

Rice, and possibly Soon Hua Seng (and, of course, the Chinese). The question the ministry has to answer, then, is why it has decided to favour these three exporters.

Commerce Minister Montree Pongpanit and some of his top officials deny that they have been selective. They concentrate on the non-selectivity of the ministry's buying operation rather than on who it is selling the rice to.

In public they have either denied knowledge of the Thai exporters' involvement in the deals or denied outright that there was any involvement. Privately, three top ministry officials have confirmed many of the details, indicating that at least after press reports broke they were aware of the involvement.

Speaking at the Social Action Party's conference in Hat Yai at the weekend, both Montree and Pracha Charutarakulchai, deputy director general of the Department of Foreign Trade, insisted that they were still unaware of the link between Atraco and Capital Rice.

The ministry and the rice policy committee say it is unimportant who is buying the rice. What matters, they say, is that a "large" volume of rice is being exported. Here, too, interpretation is important.

It is true that Commerce Ministry exports (as officially defined) are higher this year than in previous years. It is also true that the amount exported since the beginning of the year by government and private exporters together is considerably higher than last year.

But rice exports in the first few weeks of last year were unusually low because of uncertainty about the government's policies. In the first six weeks of 1985 Thailand's export volume was actually higher than in the first six weeks of this year. It is the Commerce Ministry's share of exports that has increased this year — assuming the official definition.

Moreover, when the Commerce Ministry has claimed that its policies have successfully raised domestic prices this year, it has said nothing about the effect of the smaller harvest. Several observers attribute the rise in domestic prices to the reduction in supply rather than any changes in demand the Commerce Ministry might have brought about.

What is more, if the Commerce Ministry has simply been taking over export deals already committed by the private sector, it can hardly claim to have increased the export volume. It may argue that originally it was not aware of the private deals. To maintain that it is still unaware suggests negligence.

Although admitting that the deals have led to government losses, Montree insists that the \$171 FOB price for the Atraco/Capital Rice deal is higher than the average for mid-December to the end of January. Traders dispute that claim.

Montree apparently also claimed during his speech in Hat Yai that domestic paddy prices are now 700 baht per tonne higher than at the same time last year, which is certainly not borne out by figures from a number of sources such as Kamnan Song Ongchaiwatana's paddy market near Nakhon Sawan. Higher grade (5%) paddy at the Kamnan's market was reported at 2,600 to 2,650 baht per tonne yesterday, compared with 2,300 to 2,350 baht a year ago.

The Opposition has concentrated its fire on the size of the losses suffered by the Commerce Ministry in the export deals, and on allegations of impropriety — which is vigorously denied. Montree has challenged anyone to take over his responsibilities for shipping out rice and to do so without selling the rice at a loss.

But he has yet to explain why the method he chose is better than any less selective alternative.

## QUESTIONS RAISED OVER STATE FIRM'S PRIVATIZATION

Bangkok BANGKOK POST in English 28 Feb 87 pp 11, 18

[Text] BRITAIN'S Prime Minister Margaret Thatcher's "share-owning democracy" is showing the way. France is also in the midst of a series of big floatations. In sheer size, Japan's Nippon Telegraph and Telephone (NTT) issue has overwhelmed all that came before it.

Throughout the developed world, privatisation schemes have drawn millions of fresh entrants into the capital markets and, to the chagrin of critics, have distributed billions of dollars worth of easy profits across the spectrum. Virtually every public offering throughout the world is heavily oversubscribed and stocks, once listed, trade at phenomenal premiums. NTT, for example, is leading the Nikkei index's surge beyond the 20,000 level all on its own.

"One share of the Bangkok Mass Transit Authority for one share of Thai International." Such an offer is bound to met with the response: "Give me Thai International, keep BMTA." Not that there has been any offer at all in Thailand. For quite some years, we have witnessed serious debate on the subject of privatisation and have, often, appeared close to a major listing.

Arguments in favour of privatisation generally draw upon the experience of the developed countries. Explanations for a delay in government-induced action are also forthcoming. At its roots, while there is consensus on the subject of privatisation (we must privatise) there is hardly any agreement on the strategic approach which may make or mar such an exercise.

Is privatisation good or bad for the Thai economy? In order to answer that question, we must work not only with an acceptable definition but also outline desired results.

In very simple terms, privatisation involves the sale of government

assets to the private sector, usually through the capital markets. Ideally, at least 50% of the total shareholding must pass into private hands. The idea is, firstly, to secure a more efficient management and control structure. The other benefits come with it.

Blame it on bureaucracy, blame it on lack of initiative or whatever, dissatisfaction concerning basic business viability of public sector concerns is widespread, even legendary. The bulk of public sector entities, in Thailand and elsewhere, tend to show continuing losses year after year. As a consequence, the trend has been towards accumulating huge, unpayable debt on one hand and regular government subsidies on the other.

At the same time, the Thai Government is facing serious budgetary problems — despite the overall optimism which pervades everywhere — and privatisation offers one tested way to achieve spending targets without increasing taxes or borrowings. Public sector firms are in a state of paralysis: They are being forced to operate under tight financial constraints, yet, if they are to turn the corner, they need more funds.

With the Thai stock market in the midst of a prolonged bull phase, this possibly is the best time to privatise. From the viewpoint of the Securities Exchange of Thailand, a few large public issues will go a long way in helping the vital problem of supply — investors are badly in need of more choices without which the progress of the entire capital market is being threatened.

To confirm a radical shift in development perspective, there is little doubt that the process of privatisation must begin in Thailand, now. Thai International, Krung Thai

Bank and a host of other companies are commonly mentioned as privatisation candidates. Thus far, however, we have still to see anything positive on record.

In fact, everyone concedes that issue like Thai International will receive more than an enthusiastic response, even if they are launched at hefty premiums. What about the other public sector companies whose performance is, by today's rigid standards, considered below par? Will the Government have achieved its purpose if it sells only the profitable ventures while disregarding loss-making ones? Are not the latter more in need of privatisation than their counterparts?

Britain, France and Japan may well be in the midst of a major privatisation phase, engrossed as they are in a revolutionary capitalistic experiment. The criterion, nevertheless, must be different in the case of Thailand and other developing countries.

One cannot privatise merely to draw in additional shareholders. One cannot privatise solely in the interests of the capital markets. The primary emphasis must revolve around the substitution of debt for equity, in whichever form.

Without that emphasis, the critics of privatisation stand justified — in a booming stock market, privatisation of profitable state enterprises only will serve, at best, a marginally constructive purpose.

The process of privatisation, therefore, cannot begin with the sale of one or two blue chips. It has to start elsewhere and end with a sale of public assets in some equitable proportion. As a case in point, if Thai International goes public, underwriters should, simultaneously, push BMTA or, for that matter, State Railways or Telephone Organisation of Thailand shares.

Of course, to sell assets of a mixed variety, certain state enterprises need to be restructured with immediate effect, a function for which managerial talent can be hired from the private sector. Once sick or unprofitable public sector firms are restructured, their sale to the private sector has to be accompanied by a

chain of guarantees and protective mechanisms for a number of years.

In other words, the Government must be in a position to offer a package which gives private investors a fair chance to bring about dramatic turnarounds in companies which have been languishing since their inception. Thereafter, the blue chips can go at premiums, others can be sold at par or even at nominal discounts.

Privatise Thai International and Krung Thai Bank by all means. But, for a moment, sit back and consider. Who needs an efficient, bureaucracy-free management structure more, BMTA or Thai International? Who needs to reduce the quantum of hopeless debt, the State Railways Authority or Krung Thai Bank? Which business entities, if not restructured, will burden the Government increasingly in the years ahead?

When answering these questions it is easy to realise that the very arguments which go to strengthen the case for privatisation in general, force one to take into account loss-making ventures in particular. Without a comprehensive approach to the subject, if privatisation at all becomes a reality in Thailand, one runs the risk of selling selectively favoured stocks only, a task which even in dull conditions is hardly stupendous.

There is no better self-defeating exercise than to sell what is good and to keep what is bad. The Government needs to ensure that at least the grounds are laid for professional managers to turn losses into profits.

After that, the process of privatisation must involve a mixed sale of assets. For Thailand, and for the rest of the developing world, that is the only realistic course.

CABINET APPROVES LOANS FOR FARMERS

Bangkok BANGKOK POST in English 27 Feb 87 p 4

[Text]

THE Cabinet has approved a proposal of the Bank of Agriculture and Agricultural Cooperatives (BAAC) to lend money to rice farmers who want to build barns and set up trading centres throughout the country.

The bank has set aside 134 million baht for the purpose, BAAC director Chamlong Tothong said yesterday.

Each loan carries a five per cent interest and must be paid back in five years.

Mr Chamlong said the bank had accepted 2.2 million tons of paddy worth 3,635 million baht as mortgage from more than 330,000 farmers and 91 cooperatives under the Government's paddy mortgage scheme.

The prices offered by the bank averaged 2,083 baht per ton and each farmer made 10,443 baht on average selling crops to the bank, he said.

Mr Chamlong said the paddy mortgage scheme and other government measures had pushed the average paddy price this season to 2,600 baht per ton, about 100 baht higher than last year's 2,500 baht per ton.

A total of 21,000 tons of paddy worth 36.5 million baht had already been redeemed, he said.

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## LARGER 1988 DEFICIT FORESEEN

Bangkok THE NATION in English 5 Mar 87 p 17

[Text] **THE government committee preparing the budget for fiscal 1988 met for the first time yesterday and decided to recommend a 6.5 to 8 per cent increase in expenditure and a slightly larger deficit of about 48,000 million baht.**

Finance Minister Suthee Singhasaneh described the plans for a "Development Budget" as an improvement in the imagery of labelling compared with the "Zero Growth" of previous years — with more emphasis on investment and stricter controls of the quality of investment.

The committee considered expenditure of between 242,200 million baht and 246,600 million baht, but the figure most frequently mentioned is said to be 243,000 million baht. This year, expenditure is planned at 227,500 million baht, a 7.5 per cent increase over fiscal 1986.

Suthee chaired yesterday's meeting at the ministry, which was also attended by Snoh Unakul, secretary general of the National Economic and Social Development Board; Kamchorn Sathirakul, governor of the Bank of Thailand; Panas Simasathien, permanent secretary of the Finance Ministry; and Bodi Chunananda, director of the Budget Bureau.

According to Bodi, the 6.5 to 8 per cent increase over this

year's 227,500 million baht budget (which includes 1,500 million baht added on for capital investment) is designed to stimulate the economy further along the path of recovery. This, he said, would be consistent with the trend in the world and the aims of the Sixth National Economic and Social Development Plan which will be in its second year in fiscal 1988. The plan's economic growth target is an average of 5 per cent per year.

Bodi said in the 1988 budget, the combined expenditures on salaries, domestic and foreign debt servicing and investment would increase by about 9,000 to 10,000 million baht. Debt servicing alone would be 59,800 million baht, an increase of 3,800 million baht or 6.8 per cent over fiscal 1987.

Bodi said the expenditure level is proposed within the 242,200 to 246,600 million baht range in order to keep the budget deficit within 3.5 per cent of gross domestic product (GDP). The intention is for the deficit to be about 44,800 million baht, an increase of 2,800 million baht over this year's planned deficit of 42,000 million baht.

Most economists regard the size of the budget deficit rather than the expenditure total as the determinant of whether the budget is stimulatory or not. In the past few years adequate descriptions of the economic impact of the budget have been further complicated by consider-

able differences between the figures on government accounts at the end of the year and the figures announced as government budget intentions at the beginning of the year.

Yesterday, Bodi said the increase in government expenditure planned for fiscal 1988 would not imply a relaxation of fiscal discipline. The government's thinking is to encourage as fast a recovery as possible provided the conditions are right, he said. Some thrift would have to remain, Bodi said, particularly in pay.

Bodi also said a mid-year cut in government expenditure for fiscal 1987 would be unlikely, making this the first in several years when such an adjustment has not been made.

He said revenue is likely to be on target this year because although some items are lower than intended — mainly because of declining revenue from lower interest rates — other items have increased. The target for fiscal 1987 is 185,500 million baht. For fiscal 1988, based on estimates of economic growth, revenue is calculated to increase by 7-9 per cent.

This year's expenditure plans are 7.5 per cent higher than the plans for fiscal 1986 because of the mid-year cut in fiscal 1986 expenditure from 218,000 million baht to 211,650 million baht. The planned increase this year was 15,850, whereas the planned increase for fiscal 1988 is between 14,690 and 19,080 million baht.

If revenue increases by 7 per cent in fiscal 1988, then the total will come to 198,500 million baht. If the growth is 9 per cent, then the total will be

202,200 million baht compared with this year's 185,500 million baht target.

Suthee said the 1988 budget would be for development because of the planned increase in investment spending and the concentration on improving the quality of spending. Broader criteria for setting investment priorities will be used, he said. Decisions will take feasibility and compatibility with the development plan into account and less emphasis will be placed on investment in land and stores.

Suthee stressed that this is the first year in which the broad picture of potential economic growth is being considered in conjunction with the budget. As well as the budget, the government is looking at the foreign debt position, state enterprise investment plans and transfer payments.

Economists have for a long time commented that excessive concentration on the official budget overlooks other features of public sector income and expenditure which are also important influences on the economy. Yesterday, Suthee cited large amounts of foreign borrowing for the new suspension bridge and the expressway projects as examples of spending that have to be watched carefully.

Asked whether a growth rate for expenditure that is higher than the growth rate for the economy would lead to inflation, Suthee said he expected inflation to remain at a low level.

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## DOUBTS RAISED ON BANK BAILOUTS FOR FIRMS

Bangkok THE NATION in English 21 Feb 87 p 17

[Text]

THE strategy adopted by the Bank of Thailand to extend soft loans in rescuing to financial institutions may have negative consequences on the monetary system in the long run, Dr Virabongsa Ramangkura of Thailand Development Research Institute said.

Virabongsa was a member of a panel speaking on the second of a two-day tenth annual symposium organized by Thammasat University's Faculty of Economics.

The topic of discussion yesterday centred on the role of politics in determining the fiscal and monetary policies in rescue missions of financial institutions or certain economic sectors.

Krerkiat Phipatseritham of Thammasat University defined a trend during the past decade whereby financial institutions and big businesses sought to establish political base especially in gaining position in the Senate. Each politician, meanwhile, needs financing of more than three million baht to get elected.

He said political pressure played a role in the extension of the deadline for Siam City Bank to complete its capital increase, in the issue concerning a major whisky producer Surathip Group and in the sugar crisis where sugar firms sought more tax privileges.

Politics is likely to increase its role in determining the governments decision if people continues to overlook the matter which can lead to less than optimum solutions for these problems if guided by groups' interests.

Virabongsa, commenting on Krerkiat's paper, said the past policy of the government encouraged the strengthening of the base of commercial banks in a monopolistic manner and to have them played the role as the main mobilizer of funds and extending credit. Their margins in the form of interest rates were also set higher than the returns on other types of businesses.

The government has also been providing guarantee that no banks should go under. "These strategies still exist but at some changes will be necessary," he added.

At the same time, the policy to have finance firms and the capital market existing as competitors of commercial banks has failed as the latter had the tendency to become the controlling interests of the former.

"It is time to reduce the role of the banks. The laws alone won't do it but to develop non-bank financial institutions to the extent of being able to compete with banks efficiently. The pri-

vileges granted to banks must be reduced or to increase the privileges of others at par with the banks," Virabongsa said.

He was uncertain whether the financial group or the political group has more influence but said that the influence of the financial community tends to be less in an "opened" political system.

Meanwhile, the economist said that without the will power of the minister of finance and the governor of the Bank of Thailand the latest versions of the banking decrees wouldn't have been passed. Every political party at that time sided with the banks in opposing the decrees.

Virabongsa warned of excessive use of soft credit and rediscount facility to help in rescuing banks or certain economic sectors. The soft loan facility, in particular, requires financing through printing new notes which can pose negative consequences in the long run. The existing outstanding soft loan is 20,000 million baht.

The government, at the same time, would also have to try to raise more tax revenue to finance the cost of the soft credit. Politicians, meanwhile, have come to pressure the Bank of Thailand to extend soft loan facility to certain economic or

financial sectors.

Staporn Jinachitra of Siam Commercial Bank called for a clear-cut responsibility between the Finance Ministry and the Bank of Thailand in supervising and examining financial institutions as the real authority at present belongs to the ministry.

He warned that reliance on the power of the laws alone will not bring about the success and there are needs of the authorities to improve the efficiency of the supervision and to build up the influence of the examiners.

Jaroong Nookhwan of the Bank of Thailand asked for time and patient in developing the efficiency of the controlling mechanism and personnel.

Krerkiat suggested that the success of any policies require independence in the decision-makings of the Bank of Thailand and the Finance Ministry without political interference. He also

called for clear-cut areas of responsibility between the two bodies.

In the afternoon session, Asia Credit Chairman Dr Chanchai Leetavorn said that he agreed with the central bank in helping ailing financial institutions. But subsidies given to them must be given in return for management change so that capable people can solve their problems.

The central bank, at the same time, must develop the monetary and financial systems to be suitable for expansion of financial institutions.

A central bank executive said that there was the need for commercial banks to have low cost to be competitive enough in lending and doing business abroad.

Dr Olarn Chaipravat, executive vice president of Siam Commercial Bank, said that financial institutions must be given assistance to survive their difficulties.

/13104

CSO: 4200/438

## EXCESS LIQUIDITY WORRIES BANKERS

Bangkok THE NATION in English 23 Feb 87 p 17

[Text] **THE existing excess liquidity in the financial system, which was partly responsible for the lower profits of commercial banks, shows that it is here to stay for a considerably long period as the amount is approaching 60,000 million baht. Bankers are also worried, particularly when there are indications that international interest rates will decline further.**

Executive Vice President of Siam Commercial Bank, Dr Olarn Chaipravat, said that commercial banks were very concerned over the rising excess liquidity as it shows that it would remain for a longer period than expected.

Local commercial banks have been trying to tackle this problem by lowering interest rates many times but the excess liquidity still has not subsided. "Interest rate cuts since the middle of last year simply failed to ease out the excess liquidity," he said.

The situation may worsen as foreign interest rates can drop further, he said.

Local banks beginning February 16, reduced the minimum lending rate by 0.5 percentage point and the minimum overdraft rate 0.75 percentage point. The two rates charged by major and some medium-sized banks are the

same at 11.5 per cent per annum.

The banks want to discourage borrowing through the MOR window but since the cut, there has been a substantial increase in borrowing.

Dr Olarn said that during the first two months of this year, banks showed a growth in deposits of over 10 per cent. Though lending showed some growth, it was not even half of the growth rate for deposits during the same period.

"As a result, the excess liquidity has soared further from 40-50 billion baht in December to 60 billion baht at present," he said.

He attributed the higher liquidity in the financial system to the country's current account in January which showed a surplus of 1,900 million baht while a surplus in the service account was as much as 3,400 million baht. This was due to an increasing revenue from tourism.

Though attempts have been made to reduce the liquidity through investment in the repurchase market, it would offer much help. At present, the repurchase market rate is only 5.31 per cent. It confirms that the excess liquidity of commercial banks is still very high, said Dr Olarn.

The country's economic growth during the first two months was more than seven per cent. "There is an increasing number of foreign tourists, leading us to believe that

revenue from the tourism industry will be higher than 40,000 million baht, compared with just 30,000 million baht last year," he said.

Dr Olarn said that the buoyant economy should have led to more credit expansion but unfortunately, the growth rate is still very low.

"We are studying to see which direction we should take as far as lending is concerned in addition to pricing or interest rate reduction. Each bank has to work out its own strategy particularly in retail banking," he said.

But retail banking has a wide scope and banks still think how this should be implemented successfully, he said.

Siam Commercial Bank planned to launch mortgage financing two years ago but it has not started because bank personnel still do not have enough experience.

"What can be done now is for the Bank of Thailand to help streamlining the country's capital market towards universal banking. By this, commercial banks must be permitted and encouraged to expand operations in the money market. Banks can serve as supplementary units for financial institutions in terms of capital market operations," he said.

The Thai Bankers' Association has submitted a proposal on this issue to the central bank but there has been no decision so far.

But the central bank thinks that the current excess liquidity will not be prolonged because the growth in deposits and lending will reach an equilib-

rium sometime at the middle of this year.

Vijit Supinit, director of the Banking Department of the central bank, admitted that the excess liquidity is very high. Commercial banks daily bought government bonds worth 2,000-3,000 million baht in the repurchase market and this served as a good indication for the liquidity.

But he pointed out that banks showed a gradual increase in lending since August last year.

Commercial banks showed only 3.8 per cent growth in lending during October 1985 to October 1986. The growth was five per cent during December 1985 to December 1986. It was six per cent during January 1986 to January 1987.

He said the excess liquidity persists because it might have been due to the preparation by the central bank to keep sufficient cash for the Chinese New Year period. "But there is no longer this need and it entered the repurchase market with 3,500 million baht and that was high. From now on, more funds are likely to flow to the central bank," said Vijit.

"I still believe that the present excess liquidity would not pose a serious problem for commercial banks which still can invest in many sectors including the repurchase market. They can invest in foreign securities markets too," he said.

He said the central bank has had talks with the Thai Bankers' Association and there were indications that there would be a proper balance for the deposit and lending growth at the middle of this year.

/13104

CSO: 4200/438

## ELECTRICITY GENERATING TEAM TO PURCHASE POWER FROM LAOS

Bangkok THE NATION in English 14 Mar 87 p 3

[Text]

A TEAM of the Electricity Generating Authority of Thailand (EGAT) officials headed by Deputy General Manager Jamorn Suthiphongchai will visit Laos shortly for negotiations on the purchase of electricity from the neighbouring country, EGAT General Manager Kamthon Sindhavanda said yesterday.

Kamthon said that although Thailand and Laos have had held several rounds of talks on the issue, they have so far failed to reach an agreement. He said he was looking forward to the new round of talks, hoping that they would be free of any political interference, and added that the two sides should approach the matter strictly from a business point of view.

Currently, he said, the Thai government has no clear idea of the so-called "friendship electricity" price — the rate at which the country would buy from Laos. The EGAT team which will visit Laos shortly will focus on the price issue. Laos wants Thailand to renew the purchase contract which expired in September 1986, at the previous rate.

In addition, Laos proposed that Thailand should buy more electricity from the Xexet dam which is still under construction, he said.

He said it is still not certain when the negotiations would be concluded. "This will largely depend on whether the Laotian side would accept our proposal for lower electricity rates," he added.

Regarding the Xexet Dam, informed sources said that the World Bank which provided financing for the project set a condition that Laos had to sell part of the electricity to Thailand because the Laotian demand was still minimal.

The Xexet Dam is due for completion in 1989. It is situated 160 kilometres from the Thai territory at Ubol Ratchathani. The proposed price of electricity by the Laotian side is 3.50 cent per unit.

Sources said that the Laotian side wanted EGAT to continue buying electricity from the Nam Ngum Dam at the rate agreed in the previous contract. They said that EGAT however wanted to negotiate for lower rates before renewing the contract.

Meanwhile, in response to the Petroleum Authority of Thailand's call for EGAT to increase natural gas consumption, Kamthon said that the electricity authority would do so if that will benefit the country.

PTT earlier said that it would reduce fuel oil supplies including bunker oil to EGAT to boost the electricity authority's natural gas consumption. PTT wanted to export fuel oil while pressing for more domestic use of expensive natural gas.

"If PTT wants to export bunker oil, I wonder if the export price will be good enough because the fuel oil supplied by the Bangchak refinery using the Phet crude has high wax content and therefore needs considerable heating during liquefaction," Kamthon said.

## THAILAND

### ACADEMICS CITE GROWING MILITARY INFLUENCE, POLITICAL ROLE

Bangkok MATICHON in Thai 20 Feb 87 pp 1, 16

[Excerpt] On the afternoon of 19 February at the Faculty of Economics, Chulalongkorn University, the economics and politics group, Institute of Social Research, Chulalongkorn University, held a debate on the topic "The Military in the Eyes of Academics and Politicians." Mr Warin Wonghanchao, the director of the Institute of Social Research, participated in the debate together with several other academics and politicians.

#### Two Groups of Soldiers, Businessmen-Politicians

Mr Kroekkiet Phiphatseritham, who is with the Faculty of Economics, Thammasat University, said that soldiers can be divided into two groups, the professional soldiers and the business soldiers. It is the business soldiers that have caused political problems. Sometimes it is difficult to tell these two groups apart. Because soldiers usually say that they are professional soldiers. Each one must be looked at carefully in order to determine which type he is.

Mr Kroekkiet said that on the economic front, the military performs the public service of maintain security. It is a highly disciplined organization. It carries on more training activities than any other public organization, and it has the most human resources. It has a large budget. And most important is its communications system.

#### Radio and Television, the Source of Political Power

Mr Kroekkiet said that during the past 5-6 years, there have been 226 radio stations. Of these 131, or 65.6 percent, are owned by the military. The army has 90 stations, or 40 percent. The Department of Public Relations has only 62 stations, or 21 percent. Besides this, the military has two large television networks. Thus, the military has a fine information system that plays a leading role on various fronts. Unfortunately, this information system has been used inappropriately. Usually, it is used for entertainment purposes and to earn revenues for military units. These resources enable the military to play a major role in politics.

## Will Purchase F-16 Aircraft But Blocked From Collecting More Taxes

Mr Kroekkiet said that money used to defend the country should come from taxes. We should not borrow this money. This benefits all people. There was much discussion about this principle when the military wanted to purchase modern weapons and the F-16 aircraft. But the military did not support having the government raise taxes, and it opposed collecting a tax on interest.

Mr Kroekkiet said that in 1979, the unit that received the largest amount in secret budget funds was Supreme Command Headquarters. That was when Gen Kriangsak Chamanan was the prime minister. But after Gen Kriangsak left office, the secret fund requests changed. The amount allotted to the army increased. The military budget will continue to pose a great financial problem as long as the tax base is not expanded and the military wants to keep expanding. Conversely, if the military uses the funds in an appropriate manner as necessary, this will help develop other fronts. The monthly salaries paid soldiers are higher than those paid civilian officials.

## Office of the Auditor General of Thailand Is Still Afraid to Audit Expenditures

Mr Kroekkiet said that some people feel that the military is exceeding the scope of its authority in national development, in which it plays a major role. Because ever since the events of 6 October 1976, it has greatly expanded its civil affairs activities. There are problems concerning the scope of the military's duties and concerning the military's efficiency. Its activities cannot be checked. Even the Office of the Auditor General of Thailand, which is very strict with other units, does not audit the finances of the military very carefully. The efficient use of the funds is very important. Limiting the expansion of the scope of the units is important, too.

## The Military Is Split

Mr Thirayut Bumni, who is with the Institute of Social Research, Chulalongkorn University, said that the RTA CINC recently issued a warning about the disputes among politicians. The attitude of the politicians has not been right. He said that he would like to ask politicians to improve their thinking. It's fine for the military to criticize things occasionally as long as it doesn't go overboard with this. It must do this in a suitable manner and be very clear. On some occasions, it has not done things in an appropriate manner and has been wrong. It must make things very clear. The military must understand that it is natural for political parties to engage in disputes. It should not think that this is a general problem within the parliamentary system.

Mr Thirayut said that it should be pointed out that everyone still respects parliament and considers this to be a correct system even if there are some bad people in parliament. It is not just the political parties that have conflicts. There are many conflicts within the military, too. These are revealed through personnel transfers. And the problems are solved by rolling out the tanks. Thus, the problem should be looked at very carefully.

Mr Thirayut said that it is inappropriate for soldiers to say that they have reached the end of their patience or that they are fed up. They should not say such things. That is improper.

#### Era in Which Soldiers Are Playing the Role of Supervisor

Mr Thirayut said that the past development of the military can be divided into three stages: 1. After 1932, whenever a political problem arose, the military staged a coup and dictators seized power. That was the usual pattern until 14 October 1973. 2. After 14 October, the military realized that it should stay out of politics. But some professional soldiers did interfere in politics, although not in a systematic way. 3. The period since the end of the Kriangsak administration can be called the period of the supervisory soldiers. That is, soldiers have systematically interfered in politics using theories and ideas aimed at allowing them to maintain their position of power. This is a problem today, because this supervisory role is stunting the development of the political system.

Mr Thirayut said that the military has restricted politics, that is, it has kept the political parties small so that it can control them and prevented parties from becoming large enough to form a government. As a result, a military figure has had to be appointed prime minister. Military officers supervise everything. That is, they oversee policy. The political parties have been forced to form a coalition, with the result that they have not been able, or had an opportunity, to implement their policies. The reason for saying that the political parties don't have a policy is that they have been restricted by these factors and so they haven't been able to implement policies. It is the military that formulates policy.

Mr Thirayut said that, in the past, the military was not able to touch things. But today, there are links between regular government officials. They have separated themselves from the political parties. There have been problems in transferring regular government officials. A small government has been formed, and things are coordinated by the under secretary. Also, the military works closely with the prime minister. All this undercuts the political parties. It may be good that a minister can't bring in his own men. But in the long term, this will prevent the bureaucracy from coordinating things with the political institutions, which are growing.

#### Change the Structure in Which the Prime Minister Has Total Control

Mr Thirayut said that as far as structure is concerned, this supervisory system is one in which the top and bottom parts of the political parties have been cut off, leaving only the middle section. At the policy level, the parties can't do anything. The trend is for the political parties to seek profits from various groups. The political parties are not developing. At the same time, relations between the prime minister and the military are becoming closer. The prime minister has now been given the position of director of communist suppression activities. And preparations are being made to have the prime minister serve as supreme commander. This will just tighten these relations, and in the future there will be even more reasons.



Mr Thirayut said that if a former military leader becomes prime minister, he will understand the internal security problems better than civilians. But he doesn't know whether the remaining 2 years is enough time. Something that is very worrisome and that could lead to turmoil in Thailand is that if the government is controlled by the military and the political parties can't set policy, it will force people to obtain more money. If the politicians can't run the government, they will try to make profits. In the end, the military will continue to control the political system, and democracy will fail.

Mr Thirayut said that based on the general situation, it is unlikely that there will be another coup. This is because: 1. Many soldiers have turned to using this supervisory method, which is proving very effective. 2. The image of democracy has improved and so many people oppose coups. 3. The businessmen and financiers with economic power are an important element. They are exerting pressure to preserve democracy in the country.

Mr Thirayut said that the RTA CINC is trying to contact various scholars in order to discuss matters with them.

#### Plan to Have Big Chiu Become Prime Minister

Mrs Yenchit Raphiphat, a Thai Citizens Party MP from Bangkok Metropolitan, said that no one can touch the military. She said that the prestige of the military rests with the secret budget. It does not rest with upholding the monarchy or protecting independence. She is puzzled and doesn't know what the military will do. In interviews, they have said that they won't interfere with politics. But when the government was being formed, they provided a guest house for politicians to come discuss matters. [Chawalit's] rhetoric makes him the Khong Beng [clever strategist in Chinese literature] of the army.

Mrs Yenchit said that regardless of whether he speaks as a private citizen or as the RTA CINC, Chawalit should find a way out. Normally, it should be the prime minister, not the RTA CINC, who says that he has run out of patience. The RTA CINC shouldn't shout over the head of the prime minister, as did the previous RTA CINC, which led to his dismissal. But less than 6 months after being appointed to this position, the new RTA CINC has become even more involved in politics than his predecessor. He is building a base, claiming that he is working on behalf of the prime minister, so that he can become prime minister in 2 years. He is working to place administrative power in the hands of the military.

"He used the word revolution and then said that he was referring to a system of change. I would like to know which system he had in mind. The country is headed by the king. We can't have a president. I don't know what kind of a revolution he had in mind. Perhaps he is hiding something," said Mrs Yenchit.

Mr Kraissak Chunhawan, who teaches at Kasetsart University, said that everytime the RTA CINC does something, it can be assumed that he took the action in order to improve his chances of becoming prime minister in the future. Everytime that soldiers engage in political activities, they do so for the benefit of the military. The only question is when the military will take

over. The things that have happened recently show the efforts being made by the military to take power. The military has made several changes in its method of controlling the political system. The soldiers feel that they are the only ones who can protect the country from the communists.

Mr Kraissak said that just before the debate, he received a telephone call from someone at the National Defense College. In a serious tone, the caller asked if there was going to be a debate to criticize the RTA CINC. He said that he was speaking as a private citizen and that he had seen the results of the study done by two professors from Thammasat University. The military's views on economic matters is very confusing.

Mr Kraissak said that the statements made by the RTA CINC were aimed at preserving his influence in the hope of becoming the next political leader. In doing this, he has been given the green light by the prime minister. The RTA CINC has agreed to transfer the ISOC [Internal Security Operations Command] from the army and place it under the control of the Office of the Prime Minister in order to increase the power of Gen Prem. And he did this for himself, too. Because if he becomes prime minister in the next several years, he will again control this dark power.

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CSO: 4207/144

## 'ALMOST UNBELIEVABLE' QUANTITY OF WEAPONS, AMMUNITION SEIZED

Bangkok THE NATION in English 17 Mar 87 p 4

[Editorial]

[Text] **T**HE QUANTITY of war weapons and ammunition seized Saturday night is almost unbelievable. It included 605 M-79 grenades, 300 mortar shells, 288 land mines, 59 RPGs (rocket-propelled grenades) and 8,530 rounds of ammunition for AK rifles. Police estimate the cost of these war weapons and ammunition to be 100 million baht, an amount not to be sneezed at by any country. This incident underlines a serious problem of the blackmarket in arms in Thailand.

Initial police reports indicated that this arsenal came from an army unit in Nakhon Sawan and were being smuggled to some buyers in the North but was intercepted by highway police. Obviously, these weapons could have come from the Thai-Kampuchean border. The seizure opens up an avenue of investigation that has to be strictly followed.

The first is that it should be an easy matter for the military to find out whether these weapons and ammunition were taken out from any army unit in the first place by just checking the serial numbers of the weapons. This matter and subsequent lines of investigation should receive the full support of the army.

When the origin of these weapons is pinpointed, those responsible must be identified. It is extremely difficult to believe that such a large quantity was stolen from an army unit, and, if that were so, the commander of the

unit should be responsible. However, if it was smuggled from the Kampuchean border, we strongly believe that there must have been some collusion of the Thai security forces in the eastern border.

The next point is that it is not easy to dispose of 100 million baht worth of weapons and ammunition because there is no buyer for that quantity even at a cut-rate. We have to presume that these arms and ammunition had minority rebel groups along the Thai-Burmese border as their destination and since the huge amount cannot be afforded by even these groups, the weapons have to be bartered for heroin. Thereby these arms are going to anti-Rangoon troops and the traders are helping in heroin trafficking.

This dealing in weapons has to be stopped to halt Burmese suspicions of Thailand cooperating with rebel groups. Eliminating these suspicions could get the cooperation of Rangoon in projects of mutual benefit such as fishing, anti-cross-border smuggling, elimination of drug kingpin Khun Sa and his gang, etc.

Moreover, these weapons in rebel hands would one day be very likely turned against Thai troops and make our soldiers lose their lives. Some day soon, we hope, we will be pushing back rebel troops across the Burmese border and then we may regret that weapons either "stolen" from our army units or smuggled from the Kampuchean border are being used against Thai troops.

## THAILAND

### BRIEFS

CAMBODIA BORDER WEAPONS SEIZED--Highway police in Surin Province Tuesday arrested a suspect for allegedly smuggling a large quantity of war weapons from the Thai-Kampuchean border to be sold to the Burmese minority rebels. The policemen stopped a pick-up truck at a check-point on a highway in Muang District and found two AK47 assault rifles with 21,853 rounds of ammunition cases for heavy machine guns, 33 rocket propelled grenades and 33 sticks of explosive hidden behind the vehicle. Police said the weapons cost about 400,000 baht and they arrested the driver, identified as Supab Wongboon, 33. [Text] [Bangkok THE NATION in English 29 Jan 87 p 5] /13104

CSO: 4200/438

## ADMIRAL COMMENTS ON SEA, ISLAND COMBAT

Hanoi TAP CHI QUAN DOI NHAN DAN in Vietnamese Nov 86 pp 38-44, 70

[Article by Vice Admiral Giap Van Cuong: "Combat To Defend the Sea and Islands in War To Defend the Fatherland"]

[Text] Our country has territorial waters of about 1 million square kilometers in extent, with more than 2,000 large and small, near and far islands, extending from the Gulf of Tonkin, along the coast of the South China Sea, to the Gulf of Thailand. They include many kinds of natural resources and valuable marine products. Every day facilities and ships of the navy, the Ministry of Communications and Transportation, the Ministry of Marine Products, the Ministry of Foreign Trade, the Oil and Gas General Corporation, etc., and the provinces, districts, and people on the islands and along the coast, pass by and produce. With the gradual development of the great undertaking of building socialism, the maritime economic sector will play a very important role in our country's national economy.

Enemy aggressors have traditionally used the sea as an important route for attacking our country, especially enemies from far away. The feudal aggressors from the north many times landed from the sea to carry out encircling attacks and divide the battlefield. In recent years, the enemy and bad elements have often illegally violated our territorial waters to carry out activities with many nefarious military, economic, and economic goals and to disturb the order and security of the sea.

Because the sea and islands play very important economic and national defense roles, defending the independence and territorial integrity of the fatherland and the sovereignty of our territorial waters and islands is a mission of the party, population, and armed forces, most directly the armed forces branches, corps, combat arms, the local armed forces, the militia and self-defense forces, and all people operating at sea and along the coast, and living on the islands. That is a combined strength of our entire population and nation under the leadership of the party and strength of the entire proletarian dictatorship system, from the central level down to the local level, combined with the strength of the militant alliance among the three Indochinese countries and the all-round cooperation with the Soviet Union, and the strength of the solidarity of the revolutionary and progressive forces of the world.

For its part, the navy has the historical mission of serving as the hard core of national defense by all the people and people's war at sea, to manage and defend the natural resources of the sea and oppose all aggressor war activities from the sea.

To victoriously fulfill the above-mentioned functions and missions, the Vietnam People's Navy must fully understand the party's military line and military strategy in people's war to defend the fatherland in order to creatively apply them to the maritime theater in all activities of the construction and combat missions.

That is a major, complicated, and very new problem. Therefore, studying and correctly determining the development of forces preparing the battlefield, finding operational and combat modes to manage and solidly defend our territorial waters in peacetime and wartime is not only an urgent demand at present but is also an extremely basic, long-range mission with regard to the state, the armed forces, and the navy as well as the relevant forces.

I would like to present some of my initial thoughts below:

1. Create a strong people's war deployment at sea and on the islands in order to manage and solidly defend the sovereignty and security of the territorial waters and islands and be prepared to defeat aggressor war activities from the sea.

The long history of the development and defense of our nation has demonstrated that the enemies who have come to invade and annex our country have all been large countries with military and economic greater than ours. At sea, should a large-scale war of aggression break out, our people and navy would have to cope with an enemy navy with strong fleets and warships, airplanes, and weapons more modern than ours.

Therefore, building a strong national defense by all the people and preparing the nation to oppose a large-scale war of aggression is a basic, permanent, and long-range mission and is at the same time a very urgent mission. Creating a people's war deployment at sea and on islands is an important component of people's war to defend the fatherland and has a very important significance.

Creating a people's war deployment at sea and on islands is a very new matter in the study of which we must invest much effort, especially in order to firmly grasp the viewpoints of the maritime theater, which differs from the land theater. Even in the maritime theater itself because each zone, force, and island has special characteristics, in building up the deployment of each area and locality it is necessary to be creative and be appropriate to the specific conditions of each place.

On the basis of the requirements of the development and combat missions and the actual economic and national defense capabilities of each place and area, and on the basis of scientific analysis in order to have an appropriate decentralization: the coastal area, the shore, populated islands, unpopulated

islands, small islands, archipelagoes far from and near the shore, etc., we must organize deployments for each area and a common deployment for the maritime theater as a whole, one that is tied in with the people's war deployment to defend the fatherland on land.

Our people's war deployment at sea and on islands must be one that is integrated and strong in all respects: both a strong defense deployment on the islands and archipelagoes and along the coast and a mobile deployment to effectively attack the enemy at sea, and a deployment which achieves mastery of the air and the coast, to the extent permitted by capabilities, to create a combined deployment which continually brings into play the strength of achieving mastership and attacking, attacking and achieving mastership in the maritime-island theater and being prepared to defeat the enemy under all circumstances.

Our course, in order to achieve that deployment it is necessary to pass through a very meticulous and costly process of organization and development in many respects, both before and during a war, in which all localities, units, and echelons must make all-out efforts. At present the leadership and guidance organs, sectors, units, and localities responsible for organizing and managing the maritime-island theater must undertake studies in order to promptly have a plan and effective organization and implementation measures to carry out well such tasks as redeploying the islands' population, redistributing labor at sea and along the coast, closely combining the economy with national defense and national defense with the economy in order to transform island villages and districts into military fortresses to solidly defend the fatherland. There must be a plan to invest in building the essential projects to serve the production activities of the maritime economic sector, while also fulfilling the combat readiness and combat requirements of the armed forces fighting on the spot. We must, on the basis of transforming the island villages and districts into basic units that are strong in all regards, continually organize and build the militia and self-defense forces at sea, on the islands, and along the coast into extensive combat forces which have both high quality and appropriate forces. It is necessary to be continually concerned with political education and military training and with appropriate equipment and weapons so that those forces can become strong and serve as the hard core for local people's war and assault forces on the production labor front and contribute positively carry out the three revolutions in each locality, on each island, and in each archipelago, and truly enable each locality and island to become basic units that are rich economically, solid with regard to political security and social order, and strong with regard to national defense. All-out efforts must be made to enable the island villages and districts to become strong links in the overall defensive system which are sufficiently strong to all aggressive actions of the enemy and maintain local sovereignty of the territorial waters and islands primarily by means of the local forces, to create favorable conditions for the naval forces to attack and annihilate the enemy at sea.

On the basis of closely combining the production labor mission with the mission of managing and defending the sovereignty of our territorial waters and being prepared to fight of the militia forces on shore, in the coastal area, and on islands, and the self-defense forces aboard ships and boats when

fishing or transporting cargo, it is necessary to continually patrol, maintain security and order in the territorial waters and, along with the naval forces prevent foreign ships from violating our territorial waters. The management and defense of a vast sea area, which require continuous activity, are very costly, and no matter how strong our naval forces are they cannot by themselves assume responsibility for that vast area, so cooperating with the self-defense and militia forces along the coast and on islands, and with the other armed forces, to manage and defend our territorial waters, has great economic and national defense significance.

The creation of a strong people's war deployment at sea and on islands, accompanied by creating naval and armed forces in the maritime-island theater that are sufficiently strong to defend our territorial waters and islands, and the development of the maritime economy, require very great efforts on the part of the party, the state, the local people, and the armed forces operating in the maritime-island theater. That is a basic, long-range mission and is also very essential for the mission of defending the fatherland at present. On the basis of the over-all defense plan we must, depending on the requirements of the combat readiness missions of each unit and locality and the actual capabilities of each place, organize implementation to meet the requirements of the immediate military missions, while also preparing the basis for the long-range mission of defending our territorial waters.

2. Fully understand and apply the modes of waging people's war creatively and flexibly, in a manner appropriate to the maritime-island theater, in order to defeat the enemy under all circumstances.

People's war in the maritime-island theater is part of people's war to defend the fatherland. Therefore, the military art of the People's Navy and the other armed forces in the maritime-island theater must be to carry on and develop our nation's tradition and expert skill at sea. We must fully understand and creatively apply the military line and military art of our party, while also selectively researching and studying the advanced experiences of the Soviet Union and the world.

In the enterprise of resisting the United States for national salvation in general and the war of destruction by the air force and navy of the United States in particular, although we gained very valuable experience, but we do not yet have experience in building armed forces and in armed struggle at sea under the new conditions, in a people's war to defend the socialist fatherland. Therefore, the leadership and command cadres at all levels must, on the basis of the military missions and the new conditions and circumstances, and the developmental capabilities of ourselves and the enemy, flexibly and creatively apply military art in campaigns and battles at sea and on islands.

As we all know, the extremely rapid development of modern science and technology has created many types of modern weapons, equipment, and facilities which, along with very modern command and control equipment, have enabled the armed struggle at sea to undergo profound changes with regard to combat art, modes, methods, and schemes. Today, combat at sea may take place in all four environments: under the sea, in the air space over the sea, on the sea, and



on the mainland and the islands. Therefore, studying and applying military art, combined closely with the modes of creatively and flexibly waging war, in a manner appropriate to the maritime-island theater, in order to defeat the enemy under all war situations, is for our Navy an extremely important matter. That combination is clearly manifested in such basic features as:

Combat along the coast and on islands near the coast, within the jurisdiction of the military regions, coordination among the main-force troops, local troops, militia, and self-defense forces, may be carried out continually throughout a battle or campaign, and throughout a war. Here, close coordination between local people's war and war waged by main-force unit plays an outstanding role. The militia and self-defense forces on islands, in the coastal area, and at sea are the hard-core forces of local people's war and are extensive on-the-spot fighting forces. Those forces are usually organized into platoons and companies, which coordinate with the local district and provincial troops and the main-force troops of the military regions, which are the principal forces in organizing defensive zones and solidly defending the island-sea areas within the provinces and military regions. In the island-sea areas, especially in the island areas, the coastal areas, and the areas near the Vietnam-China border it is even more important to raise the level of combat readiness and combat and promptly retaliate against all encroachment war acts. When enemy encroachment acts are discovered, the on-the-spot defensive forces must take steps to quickly organize attacks against the enemy in accordance with combat coordination plans drafted in advance. The main-force units of the special zones and military regions, and the naval forces in the sea-island areas in which combat is taking place are mobile forces which directly provide effective aid for the local defensive forces. In special cases, some forces of the combat arms and armed forces branches of the ministry's main-force units may be sent to reinforce the islands and coastal archipelagoes.

Fighting at sea far off-shore and on distant islands is undertaken primarily by coordinated armed forces branches and combat arms, which are capable of participating and in striking main-force blows. The facilities and self-defense forces of the branches can be mobilized to fulfill a number of combat missions near the shore to support or serve combat. Those forces may be outside the navy's combat ship groups and must be protected by the navy air force.

It is necessary to understand clearly that in the future, no matter to what level our people's war is developed, without flexible and creative cooperation between the activities by the air force and the other armed forces branches and combat arms with the local, militia, and self-defense forces, it will be difficult to organize the management and defense of the territorial waters and carry out the sea-island combat activities and win victory.

3. Correctly and creatively apply the operational methods to defend the territorial waters and islands in a manner appropriate to the actual situation of our country and armed forces.

Ordinarily, the countries with strong navies have determined that the wartime responsibility of the navy is to fight independently or in coordination with

the armed forces branches, military regions, and combat arms, and the other armed forces to fulfill the missions of destroying enemy warships which violate our territorial waters; defending the potential enemy objectives at sea, including the economic, political, and military objectives and the islands; defeating enemy forces landing from the sea; coordinating with the land forces, protecting their flanks, and providing fine support and transportation for coastal campaigns of the land forces; fighting enemy maritime blockades and defending our transportation routes; attacking the enemy's maritime transportation routes; attacking the enemy naval bases; carrying out amphibious landings to retake islands or parts of the coast that have been temporarily occupied by the enemy; and carrying out amphibious landings on enemy territory.

Those missions are usually fulfilled by means of two operational modes: navy against navy or the navy attacking the enemy mainland.

Those are missions and operational modes of a navy that has been comprehensively developed and has all sorts of modern combat arms, and in each combat arm there is a full range of components with modern equipment and weapons.

In the even that a war of aggression would be waged against our country from the sea, whether by the Chinese reactionaries or the U.S. imperialists, their navies could use both operational modes in attacking us.

For our part, even though our country is only in the first phase of the period of transition to socialism and is still beset with economic difficulties, it has become completely independent and unified and is building socialism. The three Indochinese countries constitute a solidarity bloc and a militant alliance, share common ideals and common enemies, and are outposts of the community of socialist nations in Southeast Asia. We also have the support and assistance of progressive mankind, above all the cooperation and assistance of the Soviet Union and the other fraternal socialist countries, and are creating new strength with which to defeat the enemy. Therefore, people's war to defend the fatherland on the mainland and in our country's territorial waters is gradually adding new capabilities and new strength. That is the political, economic, military, cultural, and social strength of a socialist regime that is continually being built up and strengthened all over the nation, the strength of a maritime economic sector that is becoming increasingly diverse and has increasingly grater effectiveness, and the strength of a People's Army, including its naval branch, which is becoming increasingly professional and modern, and the strength of militia forces in coastal areas, on the shore, and on islands, and the self-defense forces on ships, which are becoming increasingly larger and stronger, are appropriately equipped, and have increasingly higher quality. It is also the advantageous position of our country's territorial waters, in which there is a system of far and near islands and archipelagoes which create favorable conditions for the defending side to create a solid, integrated deployment of people's war in its territorial waters that is tied in with the over-all people's war deployment to defend the fatherland.

We also have the conditions and the time to make preparations in all regards, in a planned manner, before a large-scale war of aggression breaks out. On the basis of that great potential, the command and leadership cadres at all levels must know how to apply, the operational methods flexibly and creatively in order to bring into play the combined strength of all main-force and local forces, of both the armed forces and the people, and with regard to the political-morale factor, equipment and weapons, and the geographical conditions, in order to effectively retaliate against the operational forms and schemes of the enemy and attain the greatest possible effectiveness in all battles and all operational activities and campaigns. We must skillfully bring into play the art of using few to fight many, using high quality to defeat large numbers, using all forces to fight the enemy on all fronts, and continually bringing into play the status of achieving mastery and attacking and attacking to achieve mastery, in order to annihilate the enemy with the highest effectiveness in each specific mission, most directly fighting the enemy, supporting and serving combat, building on the accomplishments in combat, and overcoming the consequences during and after battles.

It is necessary to skillfully apply the art of creating opportunities, grasping opportunities, guiding troops to act in accordance with the opportunity, and develop the element of surprise to a high degree in order to win victory. We must know how to fight the enemy from afar or near, and utilize to the highest degree the capabilities and strength of all component forces to organize attacks and battles by the military forces so that they can support one another and concentrate their forces on attacking the enemy troops at decisive times and locations.

That is also the art of organizing and building forces and correctly maintaining the combat readiness system in peacetime and wartime, rationally use the combat facilities, know how to closely combine the use of modern and relatively modern weapons and technical combat equipment with the use of rudimentary and self-made weapons and equipment, and continually develop the maximum effectiveness of each type in order to ensure the necessary activities, economize, and have plentiful stockpiles for war. Especially, there must be complete plans for coping effectively with the enemy's strategic raids during the first days and the first period of the war. Normally, naval forces are among the first objectives of enemy attacks.

In addition, it is necessary to understand and firmly grasp the enemy's situation, and firmly grasp the schemes, tricks, organization, equipment, capabilities, and level of the enemy in order to take the initiative in finding a strategy to defeat the enemy.

In order to effectively implement that operational art, our People's Navy forces, along with the other forces engaged directly in combat in the maritime-island theater, must improve the quality of their training and train under conditions closer to actual combat conditions. All command cadres, command organs, and units must manifest a spirit of voluntarily studying and raising their level in order to grasp the party's military line, firmly grasp the campaign and tactical principles, and improve their ability to organize and command combined arms combat, staff work, and the techniques of the combat arms of the armed forces branches in order to support combat and fight

victoriously. It is necessary to train every fleet, naval unit, flotilla, brigade, etc., so that they can fight skillfully independently and coordinate skillfully in combined arms combat. Everyone must study to raise their political-ideological level, become expert in their professions, become expert in using and maintaining all technical equipment, resolutely fulfill all missions, and positively build up the People's Navy so that it can become increasingly mature and strong, in order to contribute, along with the entire party, population, and armed forces, to victoriously carrying out the enterprise of building and solidly defending the socialist fatherland.

5616

CSO: 4209/271

## FRG SPOKESMAN URGES WESTERN AID TO EASE POVERTY

Frankfurt/Main FRANKFURTER RUNDSCHAU in German 12 Feb 87 p 15

[Article by Bjoern Engholm, Member of SPD Executive Committee in West Germany:  
"Isolated, Impoverished and Scarred by War: The Economic and Political  
Situation in Vietnam/Bjoern Engholm Reports on a Trip to Ho Chi Minh City"]

[Text]

[Boxed material] As a member of the executive committee of THE SPD, Bjoern Engholm spent ten days in Vietnam in the late fall of 1986 on a fact-finding mission concerning the political, social and cultural situation of the country and to report on this to Willy Brandt in his capacity as chairman of the Socialist International. During his visit to Hanoi and Ho Chi Minh City (formerly Saigon), he had a number of political encounters, including meetings with the Vietnamese foreign minister Thach, the German ambassador Broudre-Groeger, diplomatic representatives of other countries and staff members of the FAO. Engholm recently summarized his impressions in a talk given at the Friedrich Ebert Foundation in the Dr. Julius Leber Academy in Ahrensburg. We document the address, which will also appear in the Vol. I 1987 issue of SOZIALISTISCHE PRAXIS, published in Marburg. [End boxed material]

Very roughly, the history of Vietnam can be divided into five different phases: the first phase extends from the year 200 BC until late in the nineteenth century. During this time, Vietnam was completely or essentially dominated by China. Its language, culture and economy depended directly on Chinese influences. A knowledge of this period is absolutely necessary in order to understand Vietnam's mentality today. In almost all of the discussions which we had, this "China syndrome" still could be felt; a mixture of fear of and respect for the "big brother" to the north still prevails.

The second phase of the history of Vietnam begins in 1860 with the occupation of the country by the French, who established a bridgehead here on their way to China. France's total domination in Indochina is terminated only in 1939--the third phase of Vietnamese history--through the Japanese march through Southeast Asia. Between 1939 and 1944, the Japanese and the French divide up Vietnam, until in 1944 the French leave the country and in 1945 Japan capitulates. Thereafter follows--in the fourth phase--renewed colonial domination by the French in Indochina. This ends in 1954 with the French defeat in the first Indochina war. Vietnam is divided at the 17th parallel; in the period that followed, the influence of the United States in this region

grew rapidly. Vietnam defends itself, the second Indochinese war begins and ends in victory only through the withdrawal of American troops. In 1976, both parts of Vietnam are finally reunited. However, this in itself gives rise to many problems.

Thus for generations there has never been a period in Vietnam in which the Vietnamese could grow up freely and peacefully, without fear and hardship, pursuing only their own interests. This people has always been in a position of resistance, grew up in resistance. Here, I believe, an essential clarification of the present-day mentality of the Vietnamese people is to be found. They are not completely free in their thinking, but rather are historically accustomed to look to their neighbors, in particular to the large country of China in the north. And their entire leadership class, which today is on average 70-80 years old, has never experienced a true year of peace, but rather developed in the underground, in the resistance, in states of emergency. This informs the thinking of this political leadership and forces it to look through the prism of its own historical experiences, with the judgments and prejudices, the sufferings of its people, and to act accordingly. Vietnam is today a bitterly poor country, one of the ten poorest countries on earth, as we are told by experts of the world food organization, FAO. Poverty here does not mean, as in many other underdeveloped countries, privation that leads to death. The fact that it is one of the poorest countries is based here evidently on an extremely modest way of living. Exceptions, such as traders who hawk their goods in the street, or Vietnamese who have connections abroad, confirm the rule, even though they are quite visible.

What is needed in order to suppress the black and grey markets with their exorbitant prices and the shadow economy is a strong upswing in production in all sectors. But almost everything needed for such a move is lacking, from fertilizers to machines, from a transportation infrastructure to foreign currency. Since a worker with an income of up to 500 dong cannot afford to buy much beyond the basic state-guaranteed rations (rice, fish sauce, sugar, fuel, cloth)--a kilo of rice costs 25 dong on the "free market," a large loaf of bread 80 dong and sandals 200 dong--, half of the people are constantly underway to try to supplement their incomes and to look for ways to get by. An unavoidable consequence of this is the fact that the central tasks of economic development go unattended.

Only in those areas where latitude has been created for economic activity that is not controlled by the state--in agriculture, a few percentage points may be privately marketed and freely bought and sold in small-scale trading--, there is adequate supply and the incomes of the sellers are increasing so rapidly, to the palpable annoyance of those with full-time employment.

But the reasons why Vietnam is standing today on such terribly shaky grounds are obvious. First and most important is the exploitation that lasted for long historical periods, the impoverishment of the entire people and of the country's natural resources by colonial powers which drew from the land its substance, reaped all profits, and rigorously prevented the development of an independent industrial base in Vietnam.

Second, in its recent history Vietnam has borne the burdens and consequences of war on a scale which far surpasses the sufferings of the European peoples in World War II. In the second Indochinese war against the U.S. alone, bombs fell on Vietnam with a detonation force 600 times greater than used against Hiroshima, materials containing dioxin and arsenic were used which defy the imagination (up to 150 kg of dioxin!); and 40 percent of the rain forest and about the same amount of agricultural lands suffered lasting damage.

And third: Vietnam's economy today is restricted, partially crippled by a state policy which is dogmatically fixated on a centrally administered economy and the absolute administration of all economic activities. The political leadership is entangled in economic concepts which in other socialist countries long ago yielded to an increasing liberalization. The results are correspondingly poor: low income, inadequate provisions, constant shortages and general dissatisfaction characterize the country's economic life.

Fourth, Vietnam has suffered for quite some time from a terrible exodus of people. These are the boat people, usually simple people who attempt to flee their country by sea at the risk of their lives. There is another flight of people, the air people: these are the well-situated or those with relatives abroad, including many business people, many of Chinese descent, who leave the country via Air France. This exodus, which is also an exodus of sorely-needed talent and which permanently weakens the economic strength of the country, is a result of the political system which forces many to undergo "reeducation," which resettles them, which drafts them into military service, in Cambodia as well, and which socializes private businesses (of the Chines).

Fifth and last, Vietnam is isolated today in many parts of the world. There are only a few states which have good relations with this country--among these are the socialist states, which accepted Vietnam several years ago as a full member in CEMA. Whatever objections may be made with regard to this one-sided alliance of Vietnam with the system of socialist states: if it were not for the help received from this quarter and in particular from the Soviet Union, Vietnam would be in a completely hopeless position today.

Since 1930, the year in which the Communist Party of Vietnam was founded, which was shortly thereafter renamed the Communist Party of Indochina, thus including Laotian and Cambodian communists, the political leaders of the country have set their sights on three goals. First, to form a unified and strong front against possible external enemies, motivated by the experiences of colonial history and carried by the determination not to allow the country to be taken over again. Then not to have to share the victories that were achieved primarily in resistance fighting carried out by the communists and the acquired fruits of autonomy with other political groupings. And finally, this also must be viewed soberly, of moving from the historical position of suppression into that of a limited hegemonic power--supported by a very dogmatic revolutionary theory of communism which accepts the fact that it is necessary to imprint one's own stamp on others, whether or not they wish it. Thus there exists between Vietnam and the former provisional communist government of Laos, which originated from the communist movement of the Pathet Lao, close relations and after 1977 a "treaty on special relations" which assures the Vietnamese strong prerogatives in Laos.

In Cambodia, Prince Sihanouk ruled until 1970. Sihanouk was overthrown in 1970 by General Lon Nol. In 1975, and this is decisive for the last 10-11 years, Lon Nol was thrown out by the infamous Pol Pot, an anarcho-maoist political leader. Pol Pot took over the regime in Cambodia with the help of the Khmer Rouge, a dogmatic, brutal movement. Pol Pot and the Khmer Rouge thereupon begin an action in Cambodia that can only be described as genocide. In a relatively short time, more than one million Cambodians and countless Vietnamese living there fall victim to the rigorist methods of the Pol Pot troops.

Put simply, everyone is murdered who is able to read, write and think. The entire cultural, scientific and economic communities are "eradicated," together with their children and other dependents. It is estimated that additional hundreds of thousands perished later in the following period of flight, poverty, hunger and misery. Many believe that in this period of lawlessness, more than one quarter of the entire population as well as the entire population of the Vietnamese who were living in Cambodia were murdered by Pol Pot. This can only be described as genocide.

The new rulers of Cambodia begin to provoke border incidents with Vietnam, with unimaginable brutality as well. Vietnam quickly arms and by 1977 has an army of 900,000 soldiers. An unbelievable number for a small and basically poor country. In 1979, after repeated skirmishes, the Vietnamese decide to invade Cambodia; they occupy Phnom Penh and depose Pol Pot, who flees and today in Cambodia's underground movement is organizing part of the resistance against the Vietnamese. At the beginning of 1979, the Vietnamese install a pro-Vietnamese government to their liking and in their likeness, under head of state Heng Samrin and after the end of 1984 under Prime Minister Hun Sen. Since this time, some 160,00 Vietnamese soldiers have been stationed in Cambodia, in order to secure Vietnam's influence there and to support the pro-Vietnamese government.

And here lies the truly tragic aspect of the present situation. A people like the Vietnamese who for generations fought for their independence, who fought to the last drop of blood against their suppressors, literally to the last breath in order to be free of foreign influence, such a people is today occupying the neighboring country of Cambodia. This is the actual contradiction which raises doubts in the minds of many of those who formerly sympathized with Vietnam and which has destroyed Vietnam's reputation in much of the world during the past ten years. No one, not even those who used to be passionately committed to Vietnam, can today justify the fact that Vietnam continues to maintain its presence in a permanent way in Cambodia with an enormous troop strength and other "advisors." On the other hand, if this invasion had never taken place and Pol Pot had continued to rule and exercise his power--no one knows what would have happened throughout the entire region. The matter thus has two sides, both of which must be taken into consideration in the future in any attempt to solve the problem.

There has existed in Cambodia since 1979 a strong guerilla-type organized resistance against the pro-Vietnam government and the Vietnamese troops. It consists of three different groups: the Khmer Rouge, the strongest group, the



followers of Sihanouk, and a small group around Son Sann, the former prime minister of Cambodia--all in all, some 50-60,000 armed people, all of whom are supported by China and who are also, with the exception of the Khmer Rouge, supported by the U.S. and the ASEAN nations.

If a resolution is to be found for this conflict--and without a resolution, Vietnam will continue to remain isolated from the rest of the world, at least three steps must be undertaken in the future. And in the initiating of these steps lies the political art which must be demanded from Vietnam, China, the USSR and the West.

First, China must withdraw from Cambodia, there is no way around this, and thereby make possible the independence and neutrality of this country by means of its own withdrawal. This could at the same time be the point at which an arrangement with China could be made, since China will remain in Cambodia for reasons of power or even simply for reasons of prestige as long as Vietnam maintains its own troop presence there. This means that Vietnam's withdrawal from Cambodia is a condition which must be met in order for lasting peace to come to Cambodia and between Vietnam and China.

Second, and this is at least as important, it must be possible for China to put a stop to its political and military support for the Khmer Rouge. The Khmer Rouge must be "eliminated," according to the Vietnamese--meaning, as foreign minister Thach puts it in a less militaristic way, that the Khmer in the future should no longer be allowed to play a leading political role. It is questionable that China will accept this, but it remains a subject that needs to be explored. If this should occur, the Vietnam position would thereby be satisfied.

Third, in the mid-term a coalition government must be formed in Cambodia between the present Vietnamese leadership and under Heng Samrin and Hun Sen and the old followers of Sihanouk. Prince Sihanouk is, at it appears, still the only resistance leader who commands great respect throughout the country. Cooperation with the Khmer Rouge would be possible only if the movement is permanently disarmed and recivilized, something inconceivable without China's influence.

These are three conditions, the realization of which would be difficult, but necessary, in order to pacify the region as a whole. If these conditions were met, Vietnam would once again achieve international recognition, which would make it possible to win over all of the nations for this people once again.

To end on this point, I was the first one for many years to be allowed to pay a political visit to Vietnam. I went there on the one hand with an old love and traditional "engagement" for these battered people; on the other hand, I met Vietnamese politicians with clear criticism of their policies, particularly with regard to Cambodia. Guests of this sort are evidently in short supply there, guests who say: "We have liked your people for years, but what you are doing is not right." For this reason, a liberal, for us amazingly liberal, dialogue took place with many leading representatives of the country.

Whatever the future may hold politically for Vietnam, I consider it morally indefensible that the United States, which did so much to harm the small country of Vietnam, today does not do more for the people there. However we judge the policies of Vietnam, over 60 million people live there, many of them children, in considerable privation. And I believe that the Western nations, whatever they think and decide in terms of international law, are obligated as a part of the West to do more than they are doing today, even if in purely humanitarian terms. This country, its future generations, cannot be helped with just a few million marks. For this reason: do not forget Vietnam! Help the country with humanitarian and economic assistance. And help it also politically to find a way out of the dead-end situation in which it finds itself.

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## NGHE TINH PARTY COMMITTEE CARRIES OUT ECONOMIC PROGRAMS

Hanoi NHAN DAN in Vietnamese 5 Jan 87 p 3

[Party Building column by Thanh Phong: "Nghe Tinh Provincial Party Committee Carries Out the Three Major Economic Programs in the Province"]

[Text] Immediately after the Sixth Party Congress, after the delegates returned to the localities and the basic party units and reported on the results of the Congress, the Nghe Tinh provincial party committee held meetings of the Standing Committee, the Executive Committee, and the economic sectors to discuss the implementation of the three major economic programs in the province. On the basis of the goals of the resolution of the 12th congress of the provincial party organization, they were amended and supplemented in the new spirit of the Sixth Party Congress. It renovated its way of thinking, especially economic thinking, concretized the national economic goals to suit the conditions of Nghe Tinh, and tied in economic renovation with the organization of guidance.

The guidance of the provincial party committee was concentrated on agriculture, the foremost front. Due to the characteristics of an area with varied climatic and soil conditions, the province adopted the policy of comprehensively developing agriculture, including agriculture, forestry, and fishing, in which grain production is the number-one objective, to resolve the food problem in a stable manner and increase the supply of raw materials for industry and export. In 1987 it will strive to attain 860,000 tons of grain in paddy equivalent (including 710,000 tons of paddy and 150,000 tons of subsidiary food crops in paddy equivalent). During the winter-spring season it will endeavor to attain a total output of 500,000 tons of grain in paddy equivalent, 35,000 tons of peanuts, 171,000 tons of sugarcane, 4,700 tons of rush, and 4,500 tons of fresh tea buds.

To attain those norms, the province adopted the policy of stabilizing the annual rice area at 305,000 hectares, of which the winter-spring season, the largest season, will account for 131,000 hectares, and increasing the summer-fall rice area to 55,000 hectares. Because of limited material conditions, and because the water conservancy system is incomplete, the province is concentrating on intensive cultivation in order to attain high commodity rice output on the 80,000 hectares with controllable irrigation. On the basis of affirming the winter-fall season, Nghe Tinh has selected a group of fall-

winter subsidiary food crops and industrial crops, including peanuts, corn, potatoes, and manioc. The spring potato area was reduced in order to increase the peanut area, and increased the fall potato area to fit in with the structure of subsidiary food crops, grain, and industrial crops. The industrial crop area will increase from 39,500 hectares to 48,600 hectares, including 32,5000 hectares of peanuts, 4,5000 hectares of sugarcane, 2,000 hectares of pepper, and 650 hectares of tobacco. there is anew policy of encouraging sugarcane and tobacco. With regard to sugarcane, if peasants sell it to the state in accordance with two-way contracts, the state will purchase a ton of sugarcane for 500 dong adn sell in exchange 100 kilogram of paddy, 10 kilograms of NPK fertilizer, and 100 kilogram of refined sugar. Peasants who transport sugarcane from the fields to the river or to a mill are paid 100 dong per kilometer extra. Sugarcane grown on the peasants' five-percent land or gardens, if contracted by the state, is paid for at the rate of 37 kilograms of sugar per ton of sugarcane. With regard to people who grow tobacco, on the average, for each kilogram of tobacco the state sells in return five kilograms of paddy and an additional six kilograms of paddy are sold (at negotiated prices) as price support payments. On the average, the state buys a kilogram of cured tobacco for 23 dong and sells to the producer two packages of cigarettes at wholesale prices. For both tobacco and sugarcane bonuses are paid to producers.

The province also has a new policy to encourage the development of animal husbandry, in both the collective and family sectors. The cooperatives must set aside 10 to 15 percent of their land to produce livestock feed; set aside 10 to 5 percent of their grain output for use as animal feed, or duduct non-grain feed on the area used to grow obligatory grain, but food products must be sold to the state in accordance with the principle of two-way contracts and it must be ensured that livestock growers earn a profit. Nghe Tinh is endeavoring to increase the number of hogs from nearly 850,000 in 1986 to 950,000 in 1990, and the number of water buffaloes and cattle from more than 540,000 in 1986 to 600,000 by 1990. Efforts will be made to incrase the average market weight from 54 kilograms in 1986 to 66 kilograms in 1990. The average weight of water buffaloes and cattle, which is now 170 to 180 kilograms, will increase to 250 kilograms by 1990. By 1990 the average per-capita meat output will amount to 20 kilograms, in order to both meet consumption needs and have food products for export.

Fully understanding the resolution of the Sixth Party Congress, Nghe Tinh discussed plans for handicrafts and small industry production and for stepping up the production of export goods. With regard to handicrafts and small industry, efforts will be made to attain a value of 1.225 billion dong in 1987. The direction for 1987 and the following years is to create raw materials on the spot, by growing them, exploiting them, collecting them, and fully utilizing them, in order to gradually attain self-sufficiency in raw materials for all three sectors: specialized, secondary, and family handicrafts. Nghe Tinh has the policy of concentrating investment in the large-scale, have expert skills, and have a high value of commodity output, from among the more than 200 specialized cooperatives (about one-third of the total number). As regards those cooperatives, with regard to planning, especially materials planning, they are regarded as state enterprises.

In 1987 and future years, the main export goods will continue to be agricultural products and processed agricultural products, the principal among which will be peanuts, millet, peppers, sesame, rush, etc. The province grows peanuts primarily in such specialized lowland areas as Dien Chau, Nam Ban, and Thach Ha. In such areas, it is necessary to invest in constructing irrigation and drainage projects. It will invest in the intensive cultivation of lowland peanut areas and concentrated specialized areas, while encouraging the growing of peanuts in the midlands districts and organizing production in all three sectors--state, collective, and family--in order to have a total peanut area of 30,000 hectares, a total output of between 30,000 and 35,000 tons, and exports of 21,000 tons. the province will have an appropriate policy to encourage peasants to intensively cultivate between 1,500 and 2,000 hectares in order to, by 1987, produce 1,500 tons of dried peppers and export 800 tons of crushed peppers. Sesame is a highly valuable export with a stable market. The province will invest in intensive cultivation so that by 1987 it can export between 400 and 500 tons of sesame. Millet is a crop suitable for the climate of Nghe Tinh, which has adopted a policy of growing millet in Nghi Xuan, Dien Chau, Can Loc, Nghi Loc, and Hung Nguyen districts, with 1,000 hectares of summer millet and 1,000 hectares of summer-fall millet, in order to export between 1,500 and 2,000 tons of millet in 1987. In addition to the short-term crops, the province will invest in expanding such long-term industrial crops as tung nuts and brugulera on between 10,000 and 20,000 hectares in the districts in the mountain, midlands, and coastal regions, promote participation in the produce cooperative program with the Soviet Union, and gradually restore and develop the orange area in order to, by 1990, increase citrus exports to 7,000 tons.

In order to carry out the three economic programs in Nghe Tinh, the provincial party committee assigned to members of its standing committee and the standing committee of the Provincial People's Committee responsibility for individual topics, drafting plans, and monitoring guidance, and made them responsible to the standing committee.

The provincial party committee adopted the policy of carrying out recapitulations and isolating experiences of successes and failures during 1986 and the past 5 years, in order to draft a new plan in a spirit of truly "making the people the roots" and ensuring that everything is done in the spirit of the resolution of the Sixth Party Congress: "the people know, the people discuss, the people do, and the people supervise. While discussing the annual plan and the long-range plan, in the immediate future it is concentrating on doing a good job during the winter-spring season and on organizing the control of good and money and the reorganization of the distribution-circulation front, especially during and after the lunar new year. It will concentrate money, goods, and materials on controlling agricultural products and foodstuffs, on stabilizing the living conditions of the people, cadres, workers, civil servants, and members of the armed forces, and for doing the best possible job of supplying materials for winter-spring production. The renovation of production organization is tied in with the renovation of cadre organization and overcoming the situation of duplicate organization and incapable cadres, which create obstacles for production and commerce. With a new spirit, the provincial party committee also issued a resolution on work rules of the party committee echelons', and issued a

resolution on the activity programs and the executive committee activities for the whole term and for 1987, and assigned specific responsibilities, from the provincial party committee secretary down to the committee members in charge of sectors, districts, and basic units.

In the province's "90 days of achieving merit to celebrate the party Congress" emulation movement, more than 1 million people participated, built or produced more than 1,800 new projects and products, contributed 700,000 work days, and saved for the state 16 million dong. More than 10,000 work teams with more than 250,000 members attained their goals at least 5 days before the end of the 1986 plan. Nghe Tinh has launched another emulation campaign to transform the resolution of the Party Congress into reality in the homeland of Uncle Ho.

5616

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## DAC LAC PROVINCE REPORTS TARGETS FOR 1990

Hanoi NHAN DAN in Vietnamese 1 Dec 86 pp 3, 4

[Party Building column: "The Socio-Economic Situation and Tasks of The Dac Lac Party Organization"]

[Text] Assessing the situation within the province during the past 3 years, the report of the Executive Committee of the Dac Lac party organization at the party organization's 10th Congress stated:

In agriculture, success was achieved in many aspects of grain production during the past 3 years. The amount of area under cultivation was expanded. Wet rice production increased rapidly from 20,700 hectares in 1982 to 26,460 hectares in 1985, with the production of winter-spring rice increasing from 8,360 hectares to 11,000 hectares. Grain yield rose from 19 quintals to 26 quintals per hectare under cultivation. Wet rice yields averaged 8 tons, with one cooperative recording a yield of 15 tons per hectare for two seasons. Grain output was 156,264 tons in 1982 and 209,300 tons in 1986.

The production of food crops and annual and perennial industrial crops has also developed rather rapidly. The amount of area under cultivation and the output of some primary crops increased in 1982 compared to 1986. Corn production increased from 14,940 hectares to 18,960 hectares and output rose from 23,416 tons to 42,600 tons. Peanut production increased from 7,400 hectares to 16,096 hectares and output rose from 7,300 tons to 16,000 tons. The amount of area under the cultivation of coffee increased from 10,987 hectares to 21,828 hectares and output rose from 16,566 tons to 24,600 tons of fresh beans. The amount of area under the cultivation of rubber increased from 3,335 hectares to 10,896 hectares and output rose from 5,140 tons to 6,129 tons of latex.

Livestock production continued to develop. By the end of 1985, the province had 189,000 hogs, a 44.2 percent increase, and 84,000 buffalo and head of cattle, a 54 percent increase. Pisciculture, bee keeping, the raising of ducks and so forth steadily developed.

The socialist production relations within agriculture have been strengthened further. The household economy has also developed.

Some 19,000 hectares of forests were planted and 4.9 million trees were planted at individual sites. Some 98,000 hectares of forests were repaired and 722,500 cubic meters of timber were harvested. Compared to 1982, industry, small industry and the handicraft trades have developed. The output value target set by the 9th Party Organization Congress was met.

During the past 3 years, the communications network within the province continued to be expanded. Some 308 kilometers of highway were opened and 112 kilometers were repaired and upgraded. Some 607 meters of new bridges were built. The rural communications construction movement continued to develop.

In addition to investing in the development of agriculture, forestry, communications and water conservancy, investments were made in the construction of a number of cultural and social projects, such as a number of hospitals, schools, athletic fields, teenagers and children centers...

In the field of circulation and distribution, despite many continuing difficulties with materials and convertible goods and unstable prices, the procurement of grain, food products and the other types of products produced within the province increased with each passing year. In 1985, the year of highest procurements ever, we procured 43,000 tons of grain and 6,000 tons of coffee.

As regards exports and imports, changes in the organization of production, policies and the organization of business within the province have occurred during the past few years. We have established coffee and rubber federations, widely developed the planting of coffee and pepper at households, stepped up the production of the various types of exported beans, etc. The export-import activities of the districts and the provincial Federated Export-Import Corporation were further strengthened. The province exported goods worth more than 16 million rubles-dollars in 1985.

The province participated in international cooperation programs in the planting of 10,000 hectares of rubber with the GDR and 10,300 hectares of coffee with the Soviet Union and the GDR.

During the past 3 years, cultural-social work, education and public health services continued to develop.

The training of core cadres among the ethnic minorities was carried out well. The number of ethnic minority party members was 29 percent higher in 1985 than in 1982.

In the field of security and national defense, the maintenance of political security and social order and safety within the province was strengthened. Greater efforts were made to build and strengthen the armed forces and militia and self-defense forces in the villages and subwards and at state farms and forestry sites.

The report stated that although the successes recently recorded were large, they were still small compared to the capabilities and potentials of the



province, particularly in the field of socio-economic construction and development. Deserving of attention is the following:

The economy remains in a state of serious imbalance. Productivity, quality, value and efficiency are still very low. We have yet to achieve balance among the various sectors, balance among agriculture, forestry and industry, balance between production and circulation-distribution and balance between production and the infrastructure. Especially serious is the fact that the forests and forest resources continue to decline and be destroyed.

Circulation and distribution continue to be the most critical problem. The living conditions of the people, of troops, cadres, manual workers and civil servants are difficult.

#### The Main Targets and Norms of the 1986-1990 Plan

Efforts must continue to stabilize the supply of grain on the basis of producing 300 kilograms of grain, in paddy equivalent, per capita for a population of 900,000 in 1990. Total grain output within the province must reach 270,000-280,000 tons, an increase of 60,000 to 70,000 tons compared to 1985 (at the same time, the population will rise by 150,000 to 200,000).

We must accelerate the development of the production of all types of agricultural products and commodities. We must rapidly expand the amount of area under cultivation, introduce scientific-technical advances and raise the yield and output of the province's agricultural products and commodities in an effort to meet the following primary norms:

From 35,000 to 37,000 tons of peanuts with an average yield of 14-15 quintals per hectare; from 55,000 to 60,000 tons of commodity corn with an average yield of 26-27 quintals per hectare; and 15,000 tons of beans. We must complete, in a way that meets the standards of high quality, the program in the planting of 50,000 hectares of coffee in the state-operated, collective and household sectors and at some private businesses (under which central units will plant 17,000 to 20,000 hectares and the locality will plant 33,000 hectares). Importance must be attached to increasing the planting of coffee in 1986, 1987 and 1988 in order to establish commercial production at an early date and be producing from 23,000 to 25,000 tons of coffee beans by 1990.

In the next 5 years, we must plant from 33,000 to 35,000 hectares of rubber (25,000 hectares by the central level and 10,000 hectares by the locality), raise the output of latex by 2,000 tons and prepare the conditions needed to strongly develop rubber production under subsequent plans in accordance with the planned target of 150,000 hectares of rubber.

We must encourage the household and private economies to grow other crops, such as ginger, saffron and pepper in an effort to export from 700 to 1,000 tons of these products.

Livestock production must be accelerated. We must increase the number of cattle, buffalo and hogs being raised in conjunction with improving breeding stock. Poultry flocks, including chicken flocks raised by industrial methods,

must be strongly developed. We must develop the raising of ducks at places where the necessary conditions exist, develop pisciculture, bee keeping and so forth. We must increase the number of buffalo and head of cattle being raised to 140,000, the number of hogs to 260,000, the number of poultry to 1 million, etc.

By 1990, the output value of the forest economy must be 2 to 2.5 times higher than it is today. We must zone areas of forest for the production of special product crops of high value and for the protection of virgin forests.

Full importance must be attached to small-scale processing enterprises on the district level, such as lumber mills, sugar mills, grain mills and enterprises processing grain products, livestock feed, etc. We must develop the processing and consumer goods industries. Policies must be adopted which encourage the expansion of production, the expansion of the sectors and trades of cooperatives and the expansion of the household economy, the private economy and a portion of the self-employed economy.

We must continue to strengthen the technical base and infrastructure of production in a selective manner consistent with requirements and capabilities. The construction of water conservancy projects and small-scale hydroelectric power plants, including very small hydroelectric power plants, must be rapidly developed. By 1990, electricity output within the province must be raised to approximately 60 million kilowatt hours.

We must develop and further strengthen the communications network and transportation capacity. Highways 14, 26 and 27 must be upgraded. We must continue to upgrade and build new roads for motor vehicles to all villages, state-farms and forestry sites. Widespread use must be made of both mechanized and animal drawn means of transportation.

The capacity of the machine sector must be increased to meet the need for tools for agriculture and forestry, manufacture necessary parts and meet major repair needs within the province. By 1990, the output of bricks and tiles must be raised to roughly 170 million. Efforts must be made to develop the sources of peat within the province.

By 1990, exports must be increased five to six-fold by 1990 compared to present levels.

We must continue to build and strengthen socialist production relations in all fields. State-operated economic units must be strengthened, must operate under the new management mechanism and must truly practice economic accounting, operate a profitable business and achieve high productivity, quality and economic efficiency. Agricultural cooperatives and small industry and handicraft cooperatives must be firmly strengthened. We must continue to encourage and create every possible condition for assisting the development of the household economy in agricultural production, small industry and the handicraft trades and the technical services.

In the field of cultural and social work, we must develop and improve the quality of education. Our target is to establish, by the end of 1990, a

sufficient number of level I and level II general schools on the village level and at state farms and forestry sites or combined farm-forestry site units. An adequate number of middle schools must be established on the district level. Kindergarten classes must be widely developed. A number of talent schools must be opened.

The development of public health work must extend down to the basic level. We must eradicate the sources of epidemics among the people and develop the production of medicine.

We must complete the settlement of nomads. We must develop production, improve every aspect of the standard of living and accelerate the training of cadres among the ethnic minorities.

We must continue to make preparations for and receive an additional 150,000 citizens coming from other places to build the economy. At the same time, we must complete the construction of and strengthen existing new economic zones. We must quickly stabilize the living conditions, quickly stabilize production and look after the everyday needs of the residents of new economic zones.

As regards security and national defense, we must constantly display high revolutionary vigilance, promptly thwart each scheme, tactic and activity of the enemy, strengthen our security and national defense forces, be ready to fight to defend the fatherland and maintain social order and safety within the province. A combination of political, economic, cultural and military measures must be applied in a well coordinated manner in order to fight the enemy and build up our forces. The party's nationalities policy must be implemented well. The education and mobilization of the masses must be combined with carrying out economic construction and cultural development, looking after the living conditions of the ethnic minorities and training large numbers of ethnic cadres.

We must intensify the struggle against the enemy's wide-ranging war of sabotage. We must continue to build up the armed forces and people's public security forces, increase their fighting strength and build a corps that is pure, is bound to the people by flesh and blood and possesses unquestioned loyalty to the party, to the fatherland.

Importance must be attached to building militia, self-defense and basic public security forces that are strong and solid, improving their political quality and operational capabilities and insuring that they are fully capable of maintaining order and security.

7809

CSO: 4209/220

## ECONOMIC SUCCESSES CLAIMED FOR HO CHI MINH CITY IN 1986

Hanoi NHAN DAN in Vietnamese 5 Jan 87 pp 1, 4

[Article by Huu Tho: "Hanoi Wins One Small Victory After Another in a Spirit of Renovation"]

[Text] We have begun a new year--1987--the first year of the implementation of the resolution of the Sixth Party Congress. Not everyone in Hanoi can fully understand the over all economic-social picture of the capital, but the lives of each family are microcosms of life in the city. During the past year there were a number of accomplishment but also many difficulties. It would not be truthful to say that after the Sixth Party Congress and the 10th Municipal Party Congress everything has gone well and easily. But one would lack objectivity if one would fail to see that the initial transformations, although only in renovating our outlook, are opening the way for changes in our actions.

On the podium of the Sixth Party Congress the Secretary of the Municipal Party Committee, on behalf of the capital's party organization, openly expressed self-criticism over the still-slow transformation in the city, which has not yet satisfied the desires of the party and the nation's people. Responsibility for the capital's slow transformation must be borne not only by the Hanoi party organization but also by the sectors at the central level. The Hanoi party organization accepts primary responsibility for lacking a spirit of initiative and creativity in implementing the resolutions of the party, especially with regard to improving the economic management and urban management structures and for tardiness in renovating its way of thing, way of working, and work style.

The Sixth Party Congress set forth three major economic programs for the nation: food, consumer goods, and export goods. Hanoi, with its specific characteristics, has decided upon an industrial-agricultural-services and foreign trade economic structure. Two urgent problems--employment and living conditions--can be resolved only on the basis of creating a new economic structure for the capital and carrying out the three major national economic programs.

We met with a number of comrades and visited a number of installations, seeking to understand the significance of the Party Congress resolution vis-a-

vis the life of the capital, although it has only begun to gradually renovate its thought.

"Now everything is clear. The amount of materials supplied Hanoi will not be much larger than last year. Its budget will be larger but there is a question of how it should be evaluated. Thus it is only necessary to change our way of thinking and working in the spirit of the resolution of the Sixth Party Congress, in order to exploit capabilities, for only then will it be possible to increase output for society and carry out the three target programs. The new factor is guidance. It is necessary to select objectives, complete tasks definitively, and be determined to win one small victory after another in accordance with the spirit of renovation." That was emphasized by comrade Nguyen Mai, a member of the standing committee of the Municipal Party Committee and head of the municipal party committee's economic section.

There is, indeed, great potential. As regards capabilities to produce consumer goods, Lac, director of the Industrial Service, told us that "Only about 50 percent of the capacity is used." Ho, deputy director of the Cooperative Federation, said that "Only about 60 percent of the sector's capacity is being used." Thom, director of the Minh Phuong plastic cooperative, said, "It is possible to double the present output." Dinh, secretary of the Dong Da Ward party committee, spoke of the installations in his area, totalling 94 central and local industrial installations, 20 scientific research organs, and 18 colleges, "They have very great potential." However, conditions for realizing that potential, such as materials, energy, etc., are not easy. In industrial production, if there are workers and machinery but a lack of materials and energy, it will not be possible to carry out the process of uninterrupted reproduction. We understand that.

Speaking of materials, some must be imported and some are manufactured or exist naturally in our country. In Minh Phuong, last year the cooperative imported 40 tons of plastic and purchased 16 tons of scrap plastic domestically. I asked, "Is it possible to increase the purchasing of scrap plastic for recycling?"

"Of course! We know that only about 30 percent of the scrap plastic remains in the city, while 70 percent goes to other localities. The center of that trading is at De La Thanh in Giang Vo... we have a middleman."

"Why don't you step up purchasing to replace imported materials, in which we are now encountering difficulties?"

"The problem is money. Last year we negotiated with them and they agreed to sell. But by the time we did the paperwork and withdrew the money, the price had increased to 15 dong a kilogram. When the municipality forbade transporting those materials out of the city they traded with one another at Duoi Ca. Furthermore, to use those materials we must have solvents. The planners think that old plastic is all that is needed to make new plastic, so they did not provide us with solvents. We could do nothing but sit around and wait."

Self-obtained materials are not the only ones Thom showed me a bag seven of which can be made from one dollar worth of imported raw materials, while we must pay foreign countries 0.4 dollar per bag when importing nitrogenous fertilizer, and that is not to mention the additional jobs for workers. We have signed a contract to export 500,000 such bags to a friendly country but we have no raw materials.

I related both of those stories to a responsible comrade in the city, who told us that "Cash must be tightly managed, but the red tape can be made less troublesome. Our country does not have enough foreign exchange but it does have some. Those stories took place last year. We understand that. With the new way of thinking, that situation must be corrected. If management is improved, new capabilities will be created."

While we were having a nice chat I asked the same question I had asked the vice secretary of the municipal party committee and a number of cooperative directors, "All comparisons are imperfect, but when you went to see the Ho Chi Minh City exhibits at the Giang Vo Exhibition, what did you think about our Hanoi consumer goods?" The answers we received were practically identical: "With regard to quality, although we must make greater efforts we can be proud. Although that is our evaluation, with regard to variety and appearance Ho Chi Minh City's products were much more varied, diverse, and attractive." I told them that when viewing the exhibits 10 out of 10 people preferred the Ho Chi Minh City exhibit. The capital's consumers are very fair." They replied, "They weren't the only ones, we liked them too."

"Why is that so?"

"The matter becomes clear when you examine the make-up of our product line. Contracted-out industrial, small industry, and handicrafts goods account for 70 to 80 percent of the output value. The contracting-out method is stable but it prevents the people working for the production installations from being tied in directly with the consumers, but have to work through intermediaries, and the technical and esthetic aspects are far inferior because they work "on orders." That ratio must be reversed. The people of Hanoi have very good skills but too much "gray blood" flows.

Comrade Tran Tan, deputy secretary of the Municipal Party Committee, told me that "Several Ho Chi Minh City delegations visiting Hanoi have said that clothing in Hanoi is now much more attractive, and there are many new styles. But it must be said most of those new styles are put on the market by family tailoring installations." Taking advantage of the opportunity, I also told him a story. Two years ago a friend of mine gave me a hand-generated flashlight which had been produced by his cooperative team in Dong Da Ward, which is a very convenient item because of our battery shortage. I still use it when on assignment in rural areas, but the state retail stores still do not sell them to the people. Two years later, however, I saw such a hand-generated flashlight at the Ho Chi Minh City exhibit and it was praised by many newspapers." Tran Tan nodded his head and said, "You are right!"

Changing our way of thinking is an entire process, but we must. It is necessary to begin immediately with actions in accordance with the renovations of the Sixth Party Congress. Not much has been accomplished, but there is movement in that direction. Dinh, the secretary of the Dong Da party committee, told us about tasks that were beginning to be carried out. The ward was acting as an intermediary in calling in the districts to hold discussions with the Mechanization and Implements Institute, which is located in the ward, to find out what kinds of implements the districts like, then have the Institute order them from the enterprises and cooperatives in the ward, while also serving the food production program and finding additional work for the machine shops. The ward took the initiative of allying with Thai Nguyen to buy scrap metal and scrap iron so that the production installations in the ward can have additional raw materials, while also producing bicycle spare parts for that locality, which had a need for them. It was preparing to hold a market at the 50 intersection which will include stalls to sell goods from Tu Liem and Phuc Tho districts and will sell vegetables, fruit, tubers, and agricultural products directly to the people in the ward, without the use of middlemen. The business of the ward marketing cooperatives will be reoriented from long-range business to serving the people's two meals.

He told me about the great capabilities of the cooperative teams in his ward with regard to the production of consumer goods. Of course, many teams are very inefficient. We must not be reluctant to control them. The commercial registration regulations for families to engage in generously allowing the employment of up to five craftsmen, but as yet no one has registered.

"Why?"

"The people still have a wait-and-see attitude. For a long time we have said one thing now and another thing at another time. They don't believe us. If a family begins to prosper its house is searched in an 'administrative inspection.' We must create confidence and deeds. Many cooperative teams are in fact individual households who hide under that 'hat.' Handicrafts are a great potential but there are still many problems. The tax exemption level is only 400 dong per cooperative member per month, which is not enough to live on, so they have to lie. Taxes are not the only matter in disarray. Regulation by means of taxes is proper. But taxes are also a tool for encouraging the development of production, so they are much in need of discussion.

He spoke of the Son Hai cooperative team, which produces latex sandals and is the only team in the ward producing sandals UNIMEX is willing to export. The team consists of only nine people and has primitive machinery and work facilities and is very crowded. According to the accounting books, such cooperative teams account for 30 percent of the value of consumer goods, but the percentage is certainly even higher. Their output is large, their product line is varied, and customers like their products. Of course, in expanding handicraft trades it is necessary to develop all three forms: the cooperatives, the cooperative teams, and individual families. That is correct, but with regard to each product it is necessary to select the

principal form to produce large amounts rapidly, which is a matter still under investigation. That kind of thinking is also a new feature of the post-congress period.

Finally, we went to meet with Tran Tan to enquire about his feelings toward the work of the Hanoi party organization in the post-congress period. But he enquired about my feelings. I frankly spoke of my thoughts after meeting with a number of cadres and groups in Hanoi. In fact, we have not yet accomplished very much but many people want to find a way to escape from conservatism and inertia, which have become habitual. That is a new sign which, although still only in the thought stage, is encouraging. Tran Tan agreed with my opinions and stressed that "We do not mean to be over-critical when we refer to conservatism and inertia, but to say that there is a lack of dynamism and creativity. But that is only our intention. As far as we are concerned, the problem is to analyze the situation, find out the reasons, and find out what is new. Whatever is correct must be affirmed. But what is incorrect must be criticized, and we must refrain from referring only to the good aspects. The new things stand out, but in fact they are not yet the norm. We must do additional searching. But to travel the old route is to die. That is definite!"

I requested permission to ask him a final question during the afternoon of that day:

"Cadres now are a factor determining renovation. What is your opinion toward that matter in Hanoi?"

"Renovating cadres does not mean only replacing them. But if cadres are not renovated so that they can be in accord with the new direction adopted by the Sixth Party Congress, and party-and-parcel with the masses, the new cannot emerge and there can be no revolutionary mass movement. Therefore, we members of the municipal party committee exchanged opinions and decided that during the basic-level party congresses we would concentrate on opposing conservatism and inertia (in favor of progressive dynamism); to oppose corrupt people; and to oppose factions, people who bully the masses, and people who are not faithful but are opportunistic."

Events have opened the way for a new beginning in our capital after the Sixth Party Congress.

5616

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## EDITORIAL CALLS FOR BETTER USE OF SCIENCE, TECHNOLOGY

Hanoi NHAN DAN in Vietnamese 5 Jan 87 pp 1, 4

[Editorial: "Utilize the Motive Force of Science and Technology"]

[Text] Today the high level of science and technology, especially the rapid application of scientific accomplishments and technical advances, is one of the factors determining the strength of a nation. With regard to our country, the enterprise of building and defending the nation, the most immediate task of which is stabilizing the economic-social situation in all regards, is making great demands on science (including natural science, technical science, and social science) and technology, and affirms the key role played by the scientific-technical revolution.

The political report at the Sixth Party Congress pointed out that "Under the conditions of the world advancing into a new phase of the scientific-technical revolution, and in view of our country's actual situation, the urgency of enabling science and technology to truly become a great motive force in accelerating the process of economic-social development in our country."

In strongly developing the motive force of science and technology, the most important matter is that the selection of a scientific-technical direction must be in accord with the selection of the objectives and direction of economic-social development. During the next few years, the nation's scientific-technical forces must concentrate on effectively serving the three major economic programs set forth by the Sixth party Congress: food, consumer goods, and export goods.

The results of the implementation of the research and application programs and projects by at the state, sector, and local levels have brought about many technical advances with regard to crop varieties, livestock breeds, and cultivation techniques that are appropriate to the different biological conditions and seasons, and have served the requirements of intensive cultivation, increasing the number of growing seasons, developing livestock, poultry, and aquatic products, and increasing cultivation and animal husbandry productivity, as well as ways to store and process agricultural products and reduce spoilage and losses.

The results of research have also created new capabilities for overcoming difficulties with regard to equipment, spare parts, energy, fuel, raw materials and materials produced from domestic raw materials, for developing many new sectors and trades by means of industrial production lines and equipment which we ourselves research, design, and manufacture on small and medium scales, and for producing many new products to meet the requirements of domestic consumption and export.

We have produced 18 raw materials and materials production lines for the chemical sector by using domestic raw materials, in order to serve the development of agriculture and a number of industrial sectors. We have produced dozens of production lines to produce such construction materials as white cement, drill well casement cement, S4 fire-resistant bricks, and concrete additives which we previously had to import. We have designed and installed nearly 100 complete hydroelectricity stations, and set up eight lines to produce and restore high-pressure pump nozzles, capable of producing tens of thousands a year, thus contributing to overcoming difficulties caused by the lack of spare parts for the various kinds of diesel motors widely used in the agricultural, aquatic products, forestry, and communications-transportation sectors.

Although the results of research and application have resulted in many technical advances, only about one-third of the results that have been attained have been applied to production, on differing scales and to different degrees. The exploitation of scientific-technical potential is still at a low level in comparison to the existing capabilities. Especially, we have not yet mobilized the combined strength of the scientific and technical sectors (including social science), in order to create the scientific and practical bases on which to renovate thought, especially economic thought, renovate work styles, renovate the organization and cadre work, and contribute positively to drafting lines, stands, and policies, and to creating a new management mechanism.

In accordance with the spirit of the Sixth Party Congress, and in order to more strongly develop the motive force of science and technology in the great undertaking of building socialism and defending the fatherland, one of most important missions is resolutely renovating the economic management mechanism, tied in with the renovation of scientific-technical management, along the lines of eliminating the bureaucratic centralism-state subsidy mechanism and implementing the planning mechanism in accordance with the mode of socialist commercial accounting and the principle of democratic centralism, in order to both ensure centralized and unified management and bring into play the autonomy of the basic economic units and the research-application organs. That structure truly stresses productivity, quality, and effectiveness, and demands and encourages the creation and wide application of the scientific-technical accomplishments to bring about real results. The economic management and scientific-technical management measures, as well as the lever policies with regard to prices, profits, taxes, credit, salaries, bonuses, etc., must truly encourage the production and commercial bases to work scientifically and the scientific organs to be tied in with production, on the basis of which to enable science and technology to become a decisive factor in increasing the effectiveness of all production and commercial processes.

The development of science and technology as a motive force is also dependent on the deployment and arrangement of the research and development organs, including the colleges and specialized middle schools. Urgent requirements at present are to reorganize the scientific-technical forces, overcome dispersion and fragmentation, and increase investment in the leading institutes and colleges, while also taking steps to promptly overcome the backwardness of social science, and combine in an organic manner social science, natural science, and technical science, in order to concentrate forces on resolving the urgent economic and social problems and gradually develop scientific-technical potential as well as economic potential.

The strong development of the motive force of science and technology in our country cannot be separated from expanding and increasing the effectiveness of international cooperation in the spheres of science and technology, tied in with economic cooperation, especially with the Soviet Union, Laos, Cambodia, and the fraternal socialist countries in CEMA. We have the responsibility and obligation of positively participating in such cooperative economic programs as CEMA's joint program for scientific-technical progress, which will extend until the year 2000, of correctly fulfilling our international commitments, and of contributing to increasing the strength of the socialist community.

The socialist revolution in general and the scientific-technical revolution in our country in particular are undertakings of the working masses under leadership of the party. The organization and mobilization of tens of millions of the masses to participate in the scientific-technical activities and contribute to coming up with and applying creative solutions is a direct responsibility of the party committee echelons, the governmental administrations, and the management organs. The leadership and echelons have the great responsibility of organizing and promoting the movement for the masses to advance into science and technology, to create a strong motive force in the great undertaking of building and defending the socialist fatherland.

5616

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## VICE MINISTER ON REORGANIZATION OF FISHING INDUSTRY

Hanoi NHAN DAN in Vietnamese 28 Nov 86 p 3

[Article by Vo Van Trac, vice minister of marine products: "The harvesting and Processing of Marine Products"]

[Text] In the fishing industry, the purpose of attaching importance to both pisciculture and fishing operations is to develop, in a rational way, the potentials that lie in resources and labor in order to meet the rising needs of society for marine products while insuring that resources are replenished and creating jobs. Under specific conditions, it can be said that this is the combination of pisciculture and fishing within a diversified agriculture in each locality, in each area and nationwide.

The structure of the fishing industry consists of four sectors, each closely tied to the other: harvesting, cultivation, storage-processing and rear services. Among these, storage-processing and the rear services are also very important elements. Through storage and processing, which includes both pre-processing and reprocessing, the quantity and quality of products are increased and the variety of products is diversified to suit the tastes of the consumer. The value and use value of fish and shrimp for domestic consumption and particularly for exportation are raised. The profits resulting from storage and processing further compensate for costs incurred in the production of fresh raw materials.

When difficult conditions make it impossible to increase the output of raw materials, providing for good storage, processing and packaging, increasing the variety of products and improving the quality of finished products greatly increase the foreign currency value of products. This is a practical lesson that many countries have learned.

Accelerating the development of the rear services, particularly those supporting collective fishing, represents a rather important change and is very consistent with the characteristics of the fish industry because, at present, the production of the collective and private fishing industries accounts for more than 90 percent of total output. Many sectors and trades operated by the people are very good and highly efficient, particularly in the fields of coastal fishing, the cultivation of marine products, pisciculture, the cultivation of shrimp, the cultivation of algae, the

processing of fish sauce and dried fish, the construction and repair of small wooden ships and boats... The state and the state-operated economy should not undertake those jobs which the people perform well and more efficiently, rather, they must support and organize the people so that they perform these jobs even better. The state and the state-operated economy must perform those jobs which the people either cannot perform or perform with low efficiency. In keeping with these guidelines, it is necessary to accelerate the development of the rear services, promptly supply means of production and essential goods and control sources of products through procurements so that products can be stored and processed. The state and the state-operated economy must organize the production of those products that are not produced by the people, such as spare parts, nets and thread, fingerlings and baby shrimp or products which the people produce inefficiently, such as frozen products for exportation and high quality domestic products that are not produced by a traditional trade of the people. State-operated units also must shift the focus of their operations to providing rear services for production, such as technical services and standard of living services, both material and spiritual, so that persons engage in production, fishing and cultivation with a sense of assurance and produce many shrimp and fish. This is a very important direction that must be taken to meet the requirements of fishermen. These activities, which until now have been undertaken by crew leaders and store owners, must now be performed by us and performed better, particularly when the fishing season arrives and when moving to new fishing grounds.

We are now in a state of emergency from the standpoint of the destruction of the environment and a serious decline in aquatic and marine resources. There is the opinion that our country's coastal fishing industry, which operates at depths of 30 meters or less, is harvesting as much as is permitted by available resources. The area being harvested makes up only 11 percent of fishing grounds but produces 80 percent of total output. Much of the equipment and techniques used destroy natural resources, such as blasting for fish with mines and using small mesh nets, which catch many baby shrimp. Many estuaries, coastal shelter belt forests and mangrove forests are being indiscriminately harvested, thereby exerting a very large influence upon the environment of agricultural production, forestry and fishing over a rather large area. The environment and resources in inland water areas are also being threatened. Some species of marine life have been destroyed. Therefore, we feel that the harvesting of marine products must be based on protecting the environment and resources and be closely tied to the protection of resources. Coordinated actions on the part of many sectors, levels and units, particularly the agricultural, forestry, fishing, water conservancy and hydrology sectors, are required to correct this problem. Recently, the marine products sector began to reorganize production in a manner suited to each area and closely tied to the socialist transformation of the fishing industry and the introduction of technical advances in production and the organization of management. It has combined the sector, the territory and the locality in all fields of harvesting, cultivation, processing and the rear services by, for example, reorganizing the harvesting of marine products in fishing grounds. This is an important direction to take in unifying the management of the sector, the territory and the locality with the aim of developing the strength of the production forces of the state-operated economy, the collective economy and the household economy. Disputes at sea have been and continue to be sharp

because some localities do not fully understand that "the sea is the common asset of the nation, an asset without administrative boundaries, and that no province or district can be allowed to control an area of the sea on the basis of administrative geography, rather, production and management must be organized on the basis of areas of the sea, fishing grounds and fishing seasons." We must promote and unify the organization of rear services in order to fully utilize the capacity of fishing forces, which consist of the basic units of the state-operated, collective and household economies, by means of appropriate forms of economic ties and joint businesses.

Making combined use of the resources of the sea and making the sea economy an important part of the country's economy are a job which requires the efforts of many sectors. In addition to the marine products sector, which has the task of efficiently developing the biological resources of the sea, many other sectors, such as the petroleum and natural gas sector, the minerals sector, the communications-transportation sector, the tourism sector, agriculture, forestry, the water conservancy sector and the meteorology-hydrology sector, must address other socio-economic issues, such as redistributing labor and population in the offshore waters and combining agriculture, forestry and fishing along the seacoast. Therefore, measures must be adopted to coordinate and guide these efforts.

7809

CSO: 4209/220

## LARGEST IRRIGATION SYSTEM 'CONSTRUCTION PROJECT OF PEOPLE'

Tselinograd FREUNDSCHAFT in German 4 Mar 87 p 3

[Text] Vietnam's largest irrigation system in Tay Ninh province will irrigate an agricultural area of more than 170,000 hectares. The Central Committee CPV and the Government of the Republic of Vietnam declared it a construction project of the people. More than 100,000 men and hundreds of members of the youth construction brigades from several provinces in the country worked on it. The Zau Tien irrigation project is not only of great economic importance. The system also plays a major role in terms of the ecology. Tay Ninh province was probably the area that suffered most from the "yellow rain," when the U.S. Air Force, during the American aggression, scattered thousands of tons of toxic agents over the wooded mountain ranges. Two-thirds of the province suffered damage. The jungles disappeared and the land and rivers were polluted. Only water could revitalize the agricultural land and improve the ecological environment.

The reservoir built here and the complex irrigation facilities provide the rice fields with water. Along the canals, the land has once again turned green and there are new villages and bamboo and palm groves. "The contribution the province has made to increased food production is very great," Chang Hong Chang, chairman of the People's Committee of Tay Ninh province and a graduate of Moscow State University, told the TASS correspondent. The first rice harvest from fields irrigated by the watering system has already increased the province's food supplies by 30-40 percent. Compared with the first six months of the past year, the vegetable harvest has risen one-and-a-half times.

7821/7687

CSO: 1826/4

## ARTICLE REVIEWS LEGAL, OTHER ASPECTS OF LAND MANAGEMENT

Hanoi LUAT HOC in Vietnamese No 2, Apr-Jun 86 pp 7-15

[Article by Nguyen Thuc Bao: "Some Ideas on Managing Land in Accordance With Our Country's Land Management Laws and the Responsibility for Violating Such Laws"]

[Text] Article 12 of our 1980 Constitution says, "The state manages society according to law...." The experience in our country in strengthening the socialist law has clearly demonstrated that for a law to be seriously carried out following its promulgation and to be truly effective it must be systematized, codified, and revised on a timely basis to suit the new revolutionary situation and task; at the same time, we must organize its observance through propaganda, education, and widespread dissemination of law to allow people to understand and carry it out correctly and to strive for its correct observance, regularly check the latter, and take strong and firm measures against criminals and violators.

In connection with this experience, we offer the following preliminary ideas about the state managing land in accordance with the law in general and the question of responsibility for violations of our country's land management laws in particular.

#### I. Land Management According to Law

Since the August 1945 Revolution, our state has issued more than 100 separate legal documents having to do with our land policy and land management. These documents have been carried out through reduction of land rent, land reforms, and the movements to establish cooperatives in agriculture, to build water conservancy works, to proceed with zoning and exchange of land, to rebuild ricefields, to set up agricultural production and forestry zones, to guide and assist farmers in developing agricultural production, and so on. The "man exploits man" system has basically been abolished; the socialist production relationships have been set up in the countryside and have been expanding ever since; at the same time, the use of agricultural land for the first time has been organized along the line of intensive and specialized cultivation and a gradual movement toward the socialist large-scale production. As a result, land has been used more and more effectively at a faster pace and helps to



ensure satisfying the needs of society for grain and foods in a more and more affirmative manner.

However, beside such great revolutionary changes the fact that the state neglected land management for a long time has led to the acts of seizing and illegally and irrationally using land, which took place in almost all parts of the country and eroded the achievements that had been made. A review of 15 years (1960-1975) of land statistics provided by the land management sector shows that in 10 years (1964-1973), on the one hand, the annual cultivated areas of the northern provinces decreased by 164,215 hectares, an area larger than the annual cultivated area of Hai Hung Province (in compliance with Directive 229/TTg dated 10 November 1980 for 9 Mekong delta provinces and Ho Chi Minh City, a survey in July 1985 showed that the total agricultural land in 1985 decreased by 88,425 hectares compared to the overall 1985 land statistics), because the poorer tame land and the newly-opened land were left idle, false reports were made as to the total areas being cultivated to avoid making contributions to the state, and agricultural land was used deliberately and in a wasteful manner for nonagricultural purposes; and on the other hand, the land used by collectives and the state was reduced while the land used for personal purposes by individuals and cooperative and state farm members was gradually expanded due to seizure, illegal distribution and sales, or intentional unauthorized transfer of ownership. A preliminary review of 5 years (1971-1976) of implementing Resolution 125/CP dated 28 June 1981 and Directive No 231-TTg dated 24 September 1974 on strengthening land management in 12 northern provinces shows that in terms of using land there were nearly 50,000 cases of violations of the land management law, with 18,059 cases in Haiphong and 18,334 in Thai Binh Province, and with only 30 percent of all cases having been resolved.

The fact that the cases that had been discovered were not dealt with in a firm manner, the organization of land management at all levels remained weak, and activities were far from legally orderly and sound has created a common disregard for the land management law. Consequently new cases of violations of the law continue to happen at an alarming rate. As of the end of 1985, in connection with about 30 percent of the total land area of the country, which has been registered in accordance with Directive 299-TTg dated 10 November 1985, nearly 300,000 cases of violations of the land management law were discovered, including more than 120,000 cases in Ha Nam Ninh Province, more than 34,000 in Ha Bac, more than 27,000 in Hai Hung, and nearly 11,000 in Cuu Long. The noteworthy facts show that the violations in the northern delta and midland provinces were mainly about illegal distribution of land (61 percent) and seizure of land belonging to collectives and the state (21 percent) while the violations in the Mekong delta provinces and Lam Dong Province mainly resulted from illegal sales and transfer of land. Almost all violations were the result of the same intention: to have land for building a house or to expand a garden for growing things within the family-based economy. Generally speaking, about 40 percent of the newly-discovered cases has been resolved, with the majority of cases being handled by legalizing the seizure and use of land that would have been considered necessary and harmless for the public interests but has not yet been permitted by the authorities (these cases are normally considered rational but illegal).

On the basis of more than 20 years of experience in land management, on 9 November 1979 the state issued Decree No 404-CP to establish a system of land management at different levels in order to assist the Council of Government (now the Council of Ministers) and people's committees at all levels in achieving "unified state management of land (consisting of agricultural land, forest land, other specialized-use land, and unused land) throughout the country for the purposes of expanding production, protecting land, protecting the environment, and economically and effectively using various kinds of land" (article 1, Decree 404-CP).

And after 10 years (1970-1979) of making a study, which has not been completed, on drafting land regulations in accordance with Resolution 19 and land management laws in accordance with Resolution 22 "to protect crop land, to protect the socialist system of land ownership," in the face of serious violations of the land management law as we mentioned above, the Council of Government on 1 July 1980 issued Decision No 201-CP on unifying and strengthening land management throughout the country. This decision has codified the existing land management laws in connection with these three basic aspects:

- To determine that the state management of land deals with these seven items that have organic relationships with one another: making land investigation, planning for land use, making land registration and statistics, inspecting management and use of land, transferring and retrieving land, resolving land disputes, and issuing land-use procedures and rules and organizing their implementation. These seven activities actually are seven measures that the state takes to achieve the goal of socialist land management summarized as "to protect the all-people ownership of land and the rational and effective use of every inch of land."
- To determine the extent of authority and responsibility of people being granted the right to use land of various kinds--agricultural land, forest land, and other specialized-use land (including residential land).
- To determine rewards for organizations and individuals having made outstanding achievements and punishments for violations of the land management law.

The two above-mentioned documents are the principal legal foundation for putting an early end to the negative phenomena in the management and use of land throughout the country and making land management by the state a smooth and orderly exercise of the socialist law. They are the principal legal foundation because:

- a. Following the issuance of Decree 404-CP we must quickly build and consolidate the system of organizing land management at all levels in accordance with its articles and have plans for the training of specialized cadres in order to promptly have an organization and the necessary manpower to specifically carry out land management measures in accordance with the law from the local and village level on up.

b. Following the issuance of Decision 201-CP we must immediately issue follow-up documents to materialize the generalized articles, for without such specific documents the localities could not or would carry them out in their own way. For example, in order to carry out part IV (on registration of land) and article IX (on resolving mistakes and violations prior to issuance of Decision 201-CP) the Premier had to issue Directive No 299-TTg dated 10 November 1980 dealing with "surveying, classifying, and registering land throughout the country" and later the Land Management General Department had to issue Decision No 56-DKTK dated 5 November 1981 defining the procedures for land registration throughout the country and Circular No 55-DKTK of the same date providing guidelines for dealing with cases of illegal and irrational occurrences in the registration, inspection, and use of land (for the time being the organization of implementation of these documents is taking place throughout the country).

After having implemented Decision 201-CP and Directive 299-TTg for nearly 6 years, the land management sector has made many efforts in carrying on the task of surveying, classifying, registering, and inspecting land and the management and use of land. At the same time, with NHAN DAN and the local newspapers and the central and local radio and television stations being interested in and frequently talking about the land and land management policies, leaders at all levels, sectors, cadres, and people in general for the first time have had a new awareness of the important role of land and socialist land management. However, we cannot help recognizing a reality, which is that throughout the country the management of land has so far failed to become a steady part of the socialist order. The reason is that at this time the registration of land aimed at officially determining the right to use land of each user has not yet been completed, hence the knowledge of the quantities and quality of land is far from accurate, total, and timely; in addition, in the localities where land registration has been completed, the majority of districts and villages has not yet achieved regular management in connection with activities that change the land in accordance with our plans and laws, while land continues to undergo changes in accordance with production and construction needs. The reasons for this situation, in our opinion, are on the one hand the failure on the part of our districts and villages to set up a complete and stable land management organization to operate on a regular basis as Decree 404-CP requires, and on the other hand the seven land management activities mentioned in Decision 201-CP, which have organic relationships with one another, have not yet been organized and led in a synchronized manner because of a lack of specific documents that guide their actual implementation.

We can cite here a number of examples showing a lack of such documents:

1. Planning for land use: Articles I/1 and I/2 of Decision No 201-CP and articles 2/2, 5/2, 6/2, and 7/2 of Decree 404-CP require that the land management sector at all levels be responsible for taking part in drafting and approving plans for land use and helping the Council of Government and people's committees at all levels to maintain unified management of land according to planning and plans (Article 20 of the 1980 Constitution says, "The state maintains unified management of land according to the general planning to ensure its rational and economical use."). However, for nearly 30

years the Ministry of Agriculture has been planning the use of agricultural land; the Ministry of Forestry, forest land; and the State Capital Construction Commission, urban and rural land. So far there has been no close coordination between the Land Management General Department and the above-mentioned ministries and commission for the drafting of an interministerial document serving as common guidelines for the land management sector to have at its disposal a scientific and legal base and to make its work more effective.

2. Transfer and retrieval of land: To transfer and to retrieve land are closely-related legal acts of the responsible state organs having the authority to rationally redistribute the available land for the interests of socialist construction. Because these acts offer the right to use land to some people and take away this right from other people, they cannot be carried out in a spontaneous manner but rather according to strict and unified procedures. To put an end to illegal transfer and retrieval of land, which were quite serious as we mentioned earlier, Decision 201-CP devotes the entire part V, "Transfer and Retrieval of Land," to determining the principle and authority for transferring and retrieving land. Article 4 specifically affirms that "Land management organs at all levels have the direct responsibility for helping the Council of Government and people's committees at all levels to transfer and retrieve land." But if we want to properly implement these general regulations having the character of common principles, we need to have documents containing specific details, such as:

a. To set in a unified manner the order and procedures for making application and requiring consideration of transfer and retrieval of land for different uses (building in capital construction projects of the state, villages, and cooperatives; building houses for workers in urban and rural areas; using land for production in agriculture, forestry, and so on). The transfer of land for other specialized uses must require a full understanding of the need to practice absolute thrift, to protect the area and fertility of agricultural land, particularly crop land that is used every year, and at the same time to satisfy these requirements in connection with the order, procedures, application, and request for consideration of transfer of land: To transfer land for agricultural and forest production can be simple, easy, and prompt, while to retrieve land and to transfer agricultural land and forest land for other specialized uses must be stricter, but still not to the point that it creates inconveniences for applicants.

Because of the lack of such documents the regulations on transfer and retrieval of land as contained in Decision No 201-CP have not yet been correctly implemented to achieve their goal of unifying and strengthening land management throughout the country. At present, in regard to using land for capital construction in particular, and for other specialized uses in general, only a few provincial people's committees have so far assigned the land management sector the task of directly assisting in fulfilling the procedures for transfer and retrieval of land in accordance with Decision 201-CP of 1 July 1980, but many other provinces still let the Planning Institute or their building services review and fulfill land transfer procedures and then submit files to and for the provincial people's committees to make a decision in accordance with the old regulations contained in Decree 47-CP of

15 March 1972. As to transferring land and forest land, actually transferring 13 million hectares of bare land, hills, and mountains for agricultural production and forestry, it is assigned to the forestry sector in accordance with regulations contained in the documents on transfer of land and forest. Some provinces have decided to transfer land to the people, cadres, workers, and civil servants for building houses in accordance with different norms for land area and their own regulations.

b. To determine actual compensation for losses for agriculture as specified in article III/3 of Decision 201-CP: "The organs and units that are recipients of agricultural and forest land must prior to accepting it pay into the state budget a sum of money to be specified by the state on the basis of the quality of the land to be transferred, for the purpose of extending the area of agricultural land that is reduced." The provisional rules that were issued earlier along with Decree 47-CP of 15 March 1972 also specify in chapter III "the fees to be paid for using land for construction," an actual compensation for losses sustained by agriculture, with article 29 in the chapter having this to say: "The State Capital Construction Commission, along with the Ministry of Finance and the Central Agriculture Commission, must study the levels of fees for use of land for construction and recommend them to the Premier, who will issue them in a separate document." Fourteen years have passed, and yet this document remains to be issued. Consequently, with the urgent need arising from using agricultural land for other specialized uses, many localities like Thanh Hoa, Ha Nam Ninh, Haiphong, Thai Binh, and so on had to make their own study and to issue their own regulations for immediate application in their locality. Naturally, the regulations based on a province's study which did not rely on any centrally-issued common document serving as guidelines could not be the same as those of another province; at the same time, the issuance of such regulations at the provincial level was far from correct, but it was necessary, as we said earlier, because those localities could no longer wait for a document from the central administration.

c. To determine compensation of losses for people who still have the right to use the land that is retrieved not because of their fault, with such losses arising from their houses, other works, or long- or short-term crops being destroyed in the retrieving process. According to article V/3c in Decision 201-CP, "The Land Management General Department, along with the Ministry of Finance, should study and recommend to the government the level of this compensation. While awaiting a general document to this effect, the people's committees of provinces and municipalities subordinate to the central administration issue provisional rules for their locality." Nearly 6 years have passed and yet we do not have a general document to provide unified guidelines for paying compensation for losses throughout the country.

d. To determine actual areas of land for various industrial, civilian, cultural and social, national defense, and other projects to serve as a scientific basis for making transferring of land rational and economical and to avoid transferring based on personal feelings or careless consideration of applicants' requests, which has created a situation in which land was not fully used, left idle, or used for other purposes. In the past the State Capital Construction Commission and Ministry of Agriculture had studied and

issued such norms for use in urban construction planning (Decision 227-UB/QH dated 16 June 1970 of the State Capital Construction Commission) and in making calculations for agricultural plans (issued by the Agricultural Zoning and Planning Committee on 20 February 1972). This matter now requires a general document to be issued by the Council of Ministers serving as a scientific and legal basis for land transfer consideration as mentioned above.

3. Registration of land: Although many documents have been issued specifically for this matter, we still need others to provide additional guidelines for a number of points. For instance, the matter of issuing certificates recognizing the right to use land of land users following registration. Although the Land Management General Department, by the authority vested in it, has drafted a form to be used as certificate of land use right, this form has never been printed for nationwide distribution, and there have been no guidelines about transfer, management, and use of land. Consequently, in order to encourage people to respect the land management law, many localities had to print by themselves and distribute "certificates of temporary land use right," as Go Vap District (Ho Chi Minh City), Thanh Hoa, Ha Nam Ninh, and other provinces have done, or "land registration certificates," as Hoai Nhon District (Nghia Binh Province), Haiphong, and so on have done. The majority of provinces still waits for documents containing guidelines from the central administration.

We also need documents to be jointly issued by the Ministry of Forestry and Land Management General Department to provide guidelines in connection with registration in the state land registry and issuance of certificates of land use right following transfer of land and forest land, which is taken care of by the forestry sector, so as to allow recipients of such land to feel reassured as they engage in business and production.

4. Cadastral service fees: As to the services provided by the land management sector by request of the people concerned, such as surveying, mapping, drawing and printing, issuing certificates, registering any changes, supplying maps, data, and so on, a study must also be made to set rules about collecting fees in order to make such activities more well-ordered and to increase state income to compensate to some extent for the large investment the state has made in them.

5. Rewards and punishments: Although Decision No 201-CP deals with rewards and punishments in part VIII and the Penal Code has article 180 referring to "Violations of the regulations on management and protection of land," we find there must be more specific documents to deal with land violations in order to make their applications easier and more correct. We deal more with this matter in parts II and III.

## II. About Responsibilities

At present, there are in our country two kinds of violations of the land management law that must be dealt with: the first kind is the violations that took place before the promulgation of Decision No 201-CP of 1 July 1980, and the second kind, after that date.

In order to deal with violations of the first kind, on the basis of article IX/1 in Decision 201-CP, the Land Management General Department on 5 November 1981 issued Circular No 55-DKTK to provide some guidelines. The basic spirit of this circular is to urge violators to correct the situation within reason and personal feelings. The order of and ways to do things are as follows: Violations revealed in the registration of land in accordance with Directive 229-TTg will be listed in full details by the land registration councils, which investigate, affirm, and recommend ways to correct them (rationalizing cases of rational but illegal use of land, retrieving land, collecting or waiving unpaid agricultural taxes, or making violators return or compensate for agricultural products which cooperatives lost during the period the land was being illegally used); the opinions of people are solicited and submitted to district people's committees for consideration; and ideas are offered about decisions on individual cases of violations based on the personal situation of violators. All of these facts are to be recorded in a general list of violations using a common form issued by the Land Management General Department, signed by village land registration councils, and approved by district people's committees. These councils help the people to correct violations in accordance with decisions by district people's committees. Provincial people's committees normally have their own documents which adapt the circular of the Land Management General Department to the actual conditions in their locality; as a result, provinces have obtained good results, such as Ha Nam Ninh having retrieved 2,000 hectares of land that had been illegally seized or distributed and returned this land to agricultural production, Binh Luc District having fired the vice chairman of Binh Nghia Village and the director of Hung Cong Cooperative (1), and Ha Bac Province in 2 years (1984-1985) having successfully persuaded 3,357 households to voluntarily dismantle their illegally-built houses and to return land for agricultural production (the total number of cases of illegal occupation of land for house building was 9,346).

But in the country as a whole, the number of cases of violations of the land management law which still remain pending is rather large (more than 60 percent). This is partially because the leadership echelons have not paid attention to continually and persistently urging people to correct the situation, and on the other hand because the violations committed by high-ranking cadres or stubborn households that refused to make corrections have not yet been handled with firmness, which has led to adverse effects on the overall situation. Furthermore, the documents issued by the central administration, and by a number of localities as well, do not specify the exact responsibilities of the localities that do not actively correct the violations that have been discovered, or how severely they will handle the cases of the households that intentionally refuse to correct them.

Punishment of violations of the land management law following the promulgation of Decision 201-CP and article 180 of the Penal Code: Both documents do not determine how each actual violation will be punished; therefore, if there is no document to provide guidelines to this effect, it will easily lead to handling violations at one's convenience.

According to O.X. Kolbasov, the responsibilities in the field of land management law are a complicated phenomenon that by itself surpasses the

limits of this legal field. To apply the measures having to do with responsibilities to various cases of violations of the land management law involves not only the land management laws themselves but also penal, administrative, labor, and civil laws. In many cases, it is the combination of various kinds and measures of responsibilities (2).

We avail ourselves of this opportunity to mention some experiences of the socialist countries.

In the Soviet Union, on the basis of article 50 of the "Fundamental Principles of Land Management Law in the USSR and Union Republics" (approved by the Supreme Soviet on 13 December 1968) on "responsibilities for violations of the land management law," the Soviet republics have materialized the imposition of punishment on each actual violation of the law depending on the conditions in each republic involving both the land management and penal laws. For instance, the land code of the Soviet Socialist Republic of Estonia, which was approved by the Presidium of the Supreme Soviet of this republic on 31 July 1970, defines in part 11 the "responsibilities for violations of the land management law" as follows:

**Criminal responsibilities:** Article 226 determines that such acts as buying and selling, offering and holding collaterals, will making, gift giving, leasing, working as tenant farmers, intentionally changing plots of land, and secretly or openly violating the land ownership right of the state, as well as deliberately seizing land, all involve criminal responsibilities, as article 154 of the Penal Code of the Republic of Estonia states.

**Administrative responsibilities:** Article 227 determines 10 actual violations subject to administrative punishments if they are not prosecuted as criminal offenses by current laws. Some examples:

1. Causing harm to agricultural land, polluting land with waste from production, wastefully using land, failing to take the measures aimed at raising soil fertility and protecting the soil, failing to carry out mandatory directives about soil erosion caused by wind, and so on are subject to administrative fines--less than 100 rubles for officials and less than 50 rubles for citizens.

2. Using land not for the purposes assigned at the time of its transfer is subject to fines of less than 100 rubles for officials and less than 50 rubles for citizens.

**Disciplinary responsibilities:** They are determined in article 229.

Articles 230 and 231 deal with returning land that has been occupied and deliberately seized, and retrieving land from land users.

- b. In Bulgaria, the law on protecting crop land and meadows, which was approved by the 6th National Assembly on 29 March 1973, specifies administrative fines. Articles 28, 29, and 30 list the cases of violations subject to fines ranging from 20 to 300 leva, and of repeated offenses up to 500 leva.



### III. Commendations and Rewards

Article VIII/1 in Decision 201-CP states: "Organizations and individuals having made brilliant achievements in protecting and improving the soil, raising soil fertility, increasing areas of agricultural land (by means of multicropping, opening new land, and reclaiming fallow land), or using land with high effectiveness are entitled to commendations and rewards in accordance with the state system."

Under our country's actual conditions, although it is necessary to strongly and firmly enforce the land management law against violations, it is equally necessary to pay proper attention to the policies that mobilize, encourage, and help organizations and individuals to remain enthusiastic and to move toward brilliant achievements as expressed in article VIII/1 of Decision 201-CP, in which the question of commendations and rewards needs further regulating. We have not done much and have very little experience in this regard; therefore, let us offer you some of Bulgaria's experiences for your consideration.

In Bulgaria Decision 43 of the chairman of the Council of Ministers issued on 14 August 1973 contains the regulation on encouraging, morally and materially, the most rational farming and use of the low-yielding land and idle meadows. After suggesting such measures as keeping statistics, using and improving the different types of low-yielding land and meadows, article 6 of the regulation defines a six-point policy aimed at achieving moral and material encouragement. For example, every year chairmen, directors, agricultural and economic head engineers, accounting experts, and production unit chiefs will be awarded a one-time cash bonus equal to no more than a month's pay when their production plan applicable to idle land brings about appropriate economic results.

About fighting against erosion: After assigning provincial people's committees the task of determining the types of land having 3-degree slopes for every agricultural organization and the technical measures to be taken to fight erosion, the regulation points to some specific rewards: awarding the "MZXII" red-banner title and prizes ranging from 2,000 leva to 1,000 and 200 leva to the most outstanding provincial people's councils, economic units, and production units.

The same rewards are given to the most outstanding provincial people's councils, economic units, and production units in the case they protect most effectively the construction works that are used in the fight against erosion.

Those individuals who carry out most effectively the measures to fight erosion will be rewarded by the "AZXII" the ministerial insignia with the title of "Outstanding erosion fighter" and cash prizes of up to 80 leva.

To make the state management of land a stricter activity, the reports on the reviews of land management work in many provinces, as well as many readers' letters printed in NHAN DAN on 17 April 1986, all contained a motion to the effect that the state issue at an early date the needed regulations on land

management. To request such regulations in order to have legal documents that are higher and more complete than the current ones is a legitimate wish. However, according to the regulations that have been drafted in past years as well as recently, in addition to adopting a new policy on land for economic activities, garden land, and land of private farmers, guidelines must be issued for residential land, which Decision 201-CP has not dealt with because that was the most difficult and complicated matter that would directly affect the attitude of current land users. If the regulations to be issued adversely affect their interests (this also was a matter that had been considered most carefully during discussions at the time of drafting the regulations), what is decided about the land management system (the seven management activities), the use of various types of land (right and obligation of users of agricultural, forest, residential, and specialized-use land), and rewards and punishments will basically be the same as what is set forth in Decision 201-CP; therefore, no matter whether the land management regulations are issued or not, the documents that give further guidelines as we mentioned earlier should be studied and issued early so that the land management law could be observed more fully and easily and in a more unified manner.

As to strengthening the socialist law in general, and dealing with land matters in particular, if we want to obtain practical results, we must deal fully and in a synchronized manner with all five matters as we mentioned earlier. However, in the present situation of our country, in order to quickly make the state management of land a part of the socialist legal order, do not entertain the idea that we should wait for the regulations on land management but rather pay attention, now and to a larger extent, to the following matters:

1. Fully use the legal documents that have been issued in conformity with the spirit of articles 19 and 20 of the 1980 Constitution on unified land management and strengthening of land management throughout the country. At the same time, fully reinforce the practical rules dealing with the land management system and rewards and punishments.

2. About organizing the observation of the law, urgently speed up the building and consolidation of district and village land management organizations. The reason is that if these organizations do not exist or are too weak, the direct management of land based on the law where it is needed the most will remain neglected.

3. About handling violations of the land management law: Along with issuing practical rules about punishment, ask party committee echelons and the administration to directly and actively urge people to correct violations before enforcing Decision 201-CP, at the same time to firmly handle the old violations that have not been resolved because the people involved in them had refused to correct them, and to deal with the new violations by taking strict measures in coordination with the judiciary, inspection, public security, and control sectors and the courts.

Because the basic spirit of the socialist law is to fight and prevent crime, it is necessary, in addition to fairly and promptly handling violations, to pay special attention to creating favorable conditions for people to avoid

committing any violations of the law. As to the management of land based on the law, what is needed right now in terms of preventing illegal seizure and occupation, transfer, purchase and sale of land aimed at gaining capital, building houses, and enlarging gardens is to have early planning of residential areas, old and new; to standardize the areas of land used for specialized purposes, building of houses, and activities in the family-based economy; to adopt reasonable policies for adjustment of land in residential areas; to properly carry out registration of land and management of land changes in villages and subwards; and to adopt unified systems of procedures and order for retrieval and transfer of land applicable to all kinds of land being used for various purposes.

#### FOOTNOTES

(1) BAO NHAN DAN, 14 April 86

(2) "Commentary on Basic Principles of Land Laws of the Soviet Union," published in Moscow, 1974

5598

CSO: 4209/284

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